The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Anfu Clique Returns to Power With Japanese Financial Support

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Did Huang Fu Consent to Japanese Control?
South China Authorities Agitated as Japan Convenes "Opposite Shore Conference" in Formosa
"Protectors of the Peace of Asia" and the Shanghai Situation
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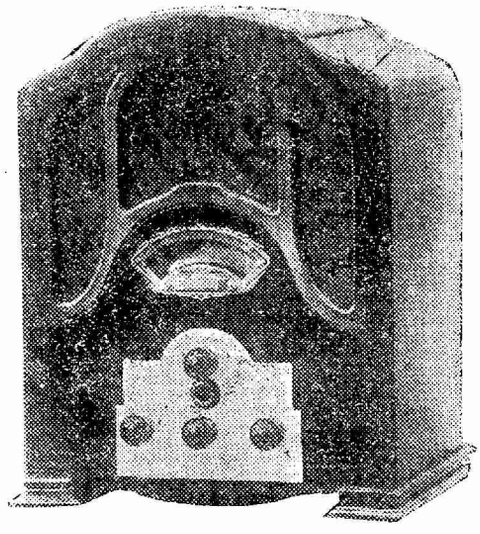

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密勒氏評論報

The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China.

Volume 68 | Shanghai, China, Saturday, May 26, 1934 | Number 13

THE CHINA WEEKLY REVIEW

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Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; GEO. W. MISSEMER Asst. Editor; HOH CHIH-HSIANG, Asst. Editor; TRYPHON KU, Advertising Dept.; F. K. CHAO, Business Dept.

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE. POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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DID HUANG FU CONSENT TO JAPANESE CONTROL?

THE New York *Herald-Tribune* on April 20 published a dispatch from its correspondent in Tokyo which was written on April 19 or two days following Japan's famous statement of policy, which contained the allegation that Gen. Huang Fu, head of the Peiping Political Council had previously been shown the Japanese declaration and had agreed to it on behalf of the National Government at Nanking. The report in the *Herald-Tribune* was as follows:

> "It became known that Akira Ariyoshi, Japanese Minister to China, had shown the statement, which asserted Japanese exclusive domination in Far Eastern affairs, to Gen. Huang Fu, representative of the Nanking Government for North China, in the course of a conversation at Shanghai on Tuesday. It is assumed that the Nanking representative must have agreed to the general tenor of the statement, for the Japanese officials would not have dared to publish it otherwise, at the risk of wrecking the present negotiations with the Chinese government concerning North China."

This statement from official sources in Tokyo, published in the New York newspaper, confirms the report published in *The Review* (May 19, Pages 445-446) that the Japanese hands-off declaration had been sent to the Japanese diplomatic officials in China on or about April 9 with instructions to obtain China's consent to the new Japanese policy of hegemony in Asia. Gen. Huang Fu, head of the Peiping Political Council was in central China interviewing Marshal Chang Hsueh-liang and Gen. Chiang Kai-shek at about the time the Japanese declaration was sent to Minister Ariyoshi and Consul-General Suma in Nanking. Following these interviews, Huang Fu proceeded to Shanghai, arriving here on April 16 and on the following day, April 17, he had a long interview with the Japanese Minister in Shanghai. This is the day the Japanese declaration was published in the Tokyo newspapers, hence the dates at least correspond with the allegations from Tokyo regarding the Huang-Ariyoshi conversations. Whether Huang Fu actually agreed, on behalf of the Nanking Government, to the Japanese program of Asiatic domination naturally is not known, but circumstantial evidence points clearly to the fact that he must have been fully informed of the Japanese policy when he was in

Nanchang urging the National officials to agree to his, and the Japanese plan, for settling outstanding issues in north China. Huang Fu's agreement to the Japanese program would not, necessarily, mean that Nanking also approved it—as a matter of fact, Nanking has denied the allegation. But in the event Huang Fu and his associates of the long discredited and corrupt Anfu clique obtain a free hand in north China, the Japanese warlords will then be in a position to carry out their ambitious plans.

IS JAPAN IN THE SAME POSITION AS WAS PRE-WAR GERMANY?

WHEN Admiral Matsushita of the Japanese training ship squadron in Europe during a speech before the German Japanese Association in Berlin May 10 said that Japan to-day was in much the same position as Germany was before the World War, he probably intended to say something to tickle the ears of his auditors and also lay the basis for future friendly working together. There is undoubtedly a great deal of truth in what the worthy Admiral said, but if the line of thought that he opened is followed to its logical conclusion there develops a comparison of a somewhat different character than the Admiral probably intended. The position of Germany during the few years prior to the World War was that she was by legitimate economic penetration, backed by a highly intelligent and technically trained population, gradually forging ahead as the world's leading nation. It was a common subject of conversation among Germans at the time that just as Spain, France, and England in turn were the world's leading nations, so now the turn of Germany was at hand. And by all the rules of Hoyle, Germany should have attained the role which the gods had placed before her. Yet Germany in the end was greatly humiliated, and is to-day far from being the world's leading nation. It is a tender subject to discuss, but there is no blinking the fact that it was the German militarists that spoiled Germany's rapid advance to leadership. Had German industry, typified by its great industrialists and shipowners, been given a free hand, Germany would today undoubtedly be the strongest country in the world. But, no, the German militarists, with the Kaiser at the head, were not satisfied with this slow, and legitimate development. They tried to force the pace, and that is where they made the mistake, and caused Germany's undoing. Germany was indeed the strongest military power on earth, but it was not stronger than the combined power of the numerous nations that sided against her. And in the end it was the appeal to force that brought her to ruin. It is in this particular respect that there is a very great resemblance between present-day Japan and Germany of the pre-War period. Japan has really everything in her favor to stand before the world as the leader of the Asiatic nations in their fight to get out from under the economic domination of the Western world. And yet, there are many indications that in the end Japan may find herself in the same position as Germany, was—that is, muffing a fine opportunity, by her militarists forcing the pace. Japan's industrial development is one of the marvels of the present century. Leaving out of question such matters as depreciated currency and cheap labor, the plain fact is that the principal reason for Japan's forging ahead in the world's commerce is because she has modernized and planned her econmoy to fit the needs of the hour. Japan, like Germany has a well-educated, highly trained population, way ahead of any other Eastern people. Everything is in her favor, not only to become the leader of the whole East but to go down in history as the liberator of the East. And yet, with the growing power of the militaristic party, there is just as much danger that Japan will fall short of her goal as was the case with Germany. The forcing of the pace by Japan at the behest of her militarists may also result in raising up such a combination against her,—yes, even some of the Eastern nations may take sides against her—that in the end she may be decidedly defeated, and set back in her program by many decades, just as was the case with Germany. That, in our opinion, is the principal respect in which present-day Japan resembles Germany before the European War.

Panchen Lama, the "Living Buddha" Arrives in Shanghai

The Panchen Lama, the exiled "Living Buddha" of Tibet, arrived at Shanghai South Station on the afternoon of May 22 together with more than 50 lamas, from Hangchow, where he had been staying for about two weeks as the leader in various Buddhist ceremonies. The Panchen Lama declined to set foot in the Foreign Settlement or in the French Concession. He is stopping at the Shanghai Foreign Ministry office in the "New West District" at Fenglinchiao, just beyond the French Concession.

Gen. Wu Te-chen, Mayor of Shanghai, and Yui Ming, director of Shanghai Office of the Ministry of Foreign Affairs, were among a huge crowd of local Chinese prominent residents and followers of Buddhism, to welcome the Panchen Lama at the station. As a token of blessing, the Panchan Lama presented the Mayor with a piece of silk.

Dr. Withold W. Winiaz, chief physician of the health department of the Examination Yuan, and Dr. Yu-tso Wan who were in Hangchow looking after the Panchan Lama's health, also arrived with the party.

J. V. Crowe, Ford Manager in China, Starts on Trip to United States

J. V. Crowe, manager of Ford Motor Company in China, departed last week on a week's trip to Nanking and north China, following which he will proceed to the United States on leave for several months. The object of Mr. Crowe's trip has not been disclosed but recently reports appeared in the Chinese press that an agreement had been signed for the opening of an automobile factory in Shanghai. This factory, these reports declared, would be jointly financed by the Chinese Ministry of Industry and Ford interests. The Chinese ministry would put up $2,000,000 while the Ford people would raise $4,000,000. A spokesman of the Ministry of Industry May 20 stated that while nogotiations have been going on between the parties concerned, nothing definite has been decided.

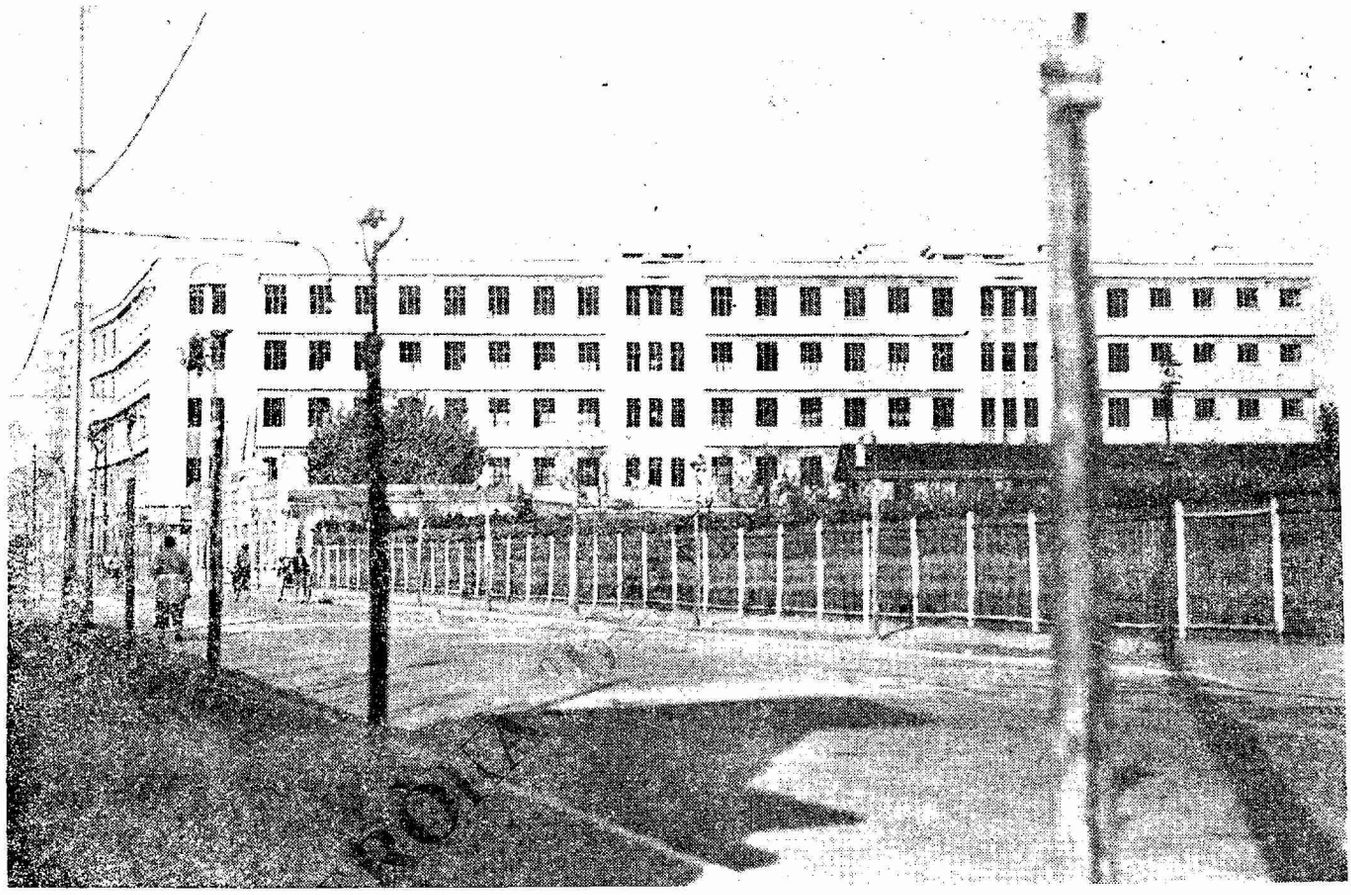
More Than Ninety Thousand Foreigners in Shanghai

The total foreign population of Shanghai, according to statistics compiled by the Bureau of Public Safety, numbers 91,999. Of this number, 64,235 are in the International Settlement, 17,781 in the French Concession and 9,983 in the Chinese territory. The total population including foreign residents numbers approximately 3,362,836. There are 1,848,449 Chinese residents in Chinese territory, 971,397 in the International Settlement and 478,755 in the French Concession.

"Protectors of the Peace of Asia" and the Shanghai Situation

UPON frequent occasions the Japanese refer to themselves as the "Protectors of the Peace of Asia." Beginning in 1931, following the occupation of China's northeastern provinces, the use of this self-adulatory term has become more frequent, recently reaching a sort of climax in connection with the "hands-off" declaration of April 17 last. In practically all of the statements or explanations pertaining to Japan's so-called guardianship of the destinies of Asia which have been issued through the Foreign Office this term has appeared. Foreign governments over the world have not been very deeply impressed by the Japanese declaration and recently have strongly repudiated the Japanese claims, but despite this the Japanese continue to call themselves the "protectors of the peace of Asia."

NEW PERMANENT QUARTERS FOR FRENCH FORCES IN SHANGHAI



The British authorities, according to recent discussions in the House of Commons last week, were not aware that the French also have completed permanent barracks for the housing of their troops in Shanghai. The French barracks are located near the intersection of Route Joseph Freilupt and Route Pere Robert and within a short distance of Siccawei creek. While not as large as the Japanese barracks, the building will, nevertheless, hold most of the French forces here numbering about 1,900 officers and men. Rumors have been in circulation in China for several years that the Japanese and French have a secret agreement for the mutual protection of their respective concessions in China.

Without attempting an analysis of the generally accepted attributes or characteristics which are associated with the term "protector," we will proceed to a brief description of a recent happening in the Hongkew section of the International Settlement of Shanghai.

Beginning at about 2 o'clock in the morning and lasting until about 5 o'clock residents of that extensive and populous section of Shanghai were awakened and kept awake on the night of May 14 and early morning of May 15 by the clatter of tanks and armored cars and light artillery passing through the streets and in addition to the noise of mechanical war equipment the frightened local population observed numerous trucks heavily laden with Japanese sailors in full war regalia honking their way past the street intersections with occasional stops to permit the human war-cargo to disembark and take up positions at strategic points. Then there was much scurrying about through the darkened streets and alleyways of the main business sections along north Honan, Szechuen, Seward and Yangtszepoo roads by short, stocky, dwarfish figures wearing steel helmets and full war equipment. Motor-cycles, some of them bearing sidecars with machine-guns and heavy sheet-iron protectors darted through the streets from one Japanese post to another carrying dispatches and dropping patrols.

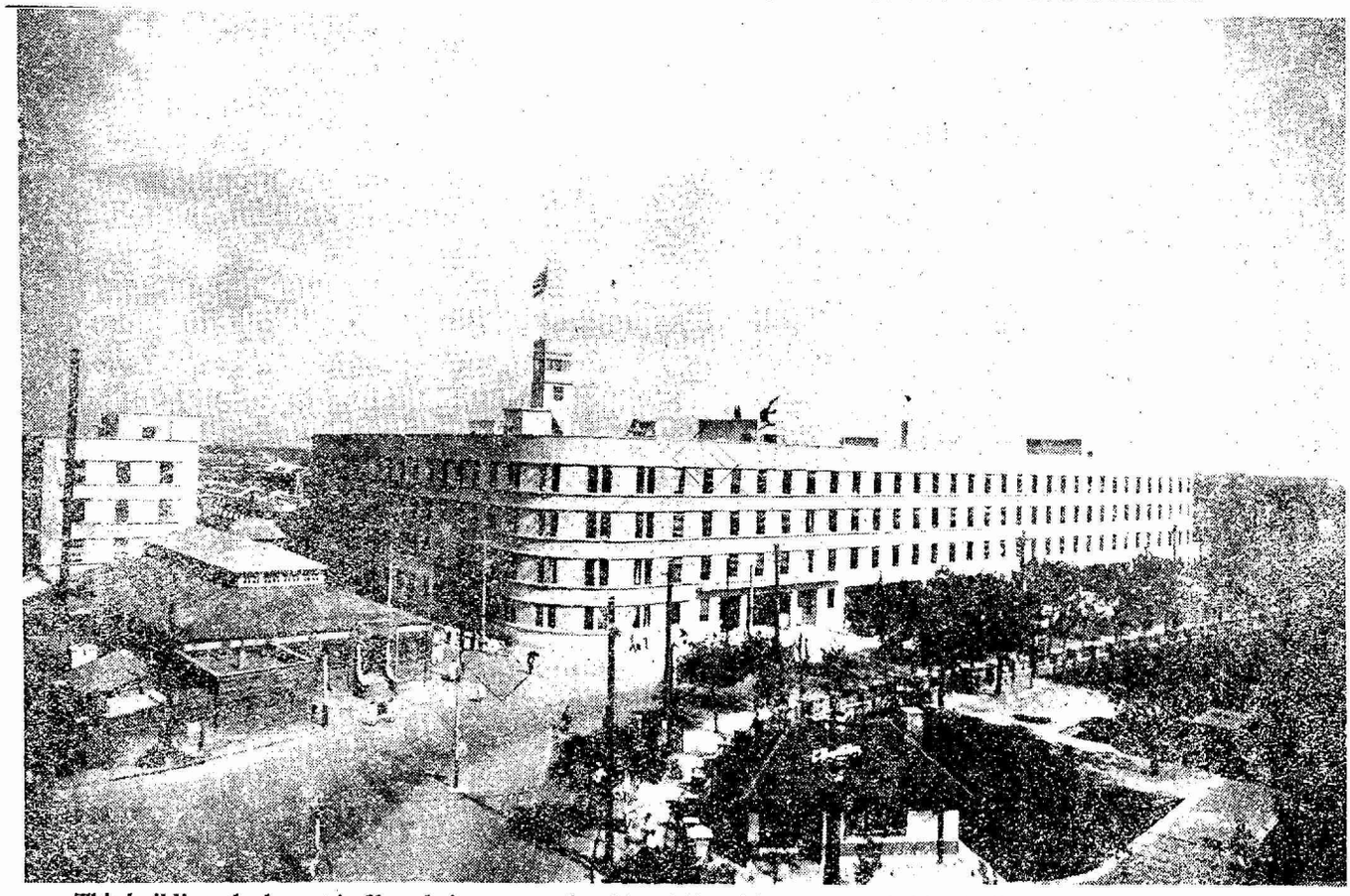
Since this Japanese "occupation" of the Hongkew section began at about 2 o'clock in the morning most of the residents of that area were asleep when it started, but a few foreigners who were in the cabarets and late places of amusement

on North Szechuen road were amazed by a strange spectacle when they emerged on the street following the first clatter of tanks which sped from the Japanese barracks on Kiangwan road southward in the direction of Soochow creek. They saw North Szechuen road bristling with Japanese bayonets and machine-guns and when they came to the corner of North Szechuen and Soochow creek they found Japanese machine-gun nests behind hastily constructed sand-bag barricades while grim-visaged Japanese sailors sighted along gun-barrels, some pointing at the Chinese Government Central Post Office and others across the bridge toward the main portion of the International Settlement which lies south of Soochow creek. Thousands of Chinese shop-keepers and factory-workers who went to their various places of work at about 5 o'clock observed the wind-up of this Japanese military show which apparently had accomplished its objective, the occupation of the Hongkew section of the city.

A reporter on the local *China Press* telephoned the Japanese Consulate-General on the following day as to the meaning of these maneuvers. The Japanese spokesman who acts as a sort of go-between for the military and consular authorities expressed regret that the military display may have caused some "disquietude" among the local Chinese and foreign population, but stated there actually was nothing unusual about it. "Maneuvers such as last night are held frequently. . . . last night the scene of the maneuvers was changed, and that is about all it amounted to."

In making this statement the Japanese consular-military spokesman was exactly correct for while these maneuvers have been held regularly in the outskirts of the Yangtszepoo and adjoining Chapei sections, this was the first time the Japanese had changed the scene to a section of Hongkew which is "nearer-in" to the main business section where most of the large foreign and Chinese business houses, banks and retail establishments are located. Regularly since the conclusion of the Shanghai undeclared war in the early months of 1932 have the Japanese been conducting war exercises in this important section of the city wherein are located most of Shanghai's manufacturing enterprises. Americans and other occidentals who have business establishments in this district and who are accustomed to going to their offices early in the morning have long observed these exercises and wondered at their significance. One man of our acquaintance who is the manager of a factory in the Yangtszepoo area said that he frequently had been compelled to drive his car on the sidewalk in order to avoid collission

NEW JAPANESE BARRACKS AND FORTIFICATION AT SHANGHAI



This building, the largest in Shanghai, was completed last fall and is now occupied by the Japanese naval forces numbering some 2,000 officers and men permanently stationed in this city. The building is located just outside the Hongkew section of the International Settlement in Chinese territory and in addition to housing quarters for the troops, it contains on the ground floor ample quarters for tanks, armored cars and military trucks as well as storage facilities for large quantities of munitions. The roof also is equipped for anti-aircraft defence guns and light artillery. The construction of the Japanese barracks, closely followed by the completion of the French barracks, marks the transition of Shanghai as a permanent garrison post for foreign troops. Prior to 1927 no foreign troops or naval force were permanently stationed in this city and the adjoining Chinese areas were garrisoned by Chinese troops.

with Japanese tanks, armored cars or trucks loaded with armed sailors. He also said that he experienced considerable difficulty with the Chinese employes of his factory on the mornings of these Japanese war-games because of the distraction occasioned by large bodies of armed Japanese charging through the streets or across the adjoining fields. Naturally it was difficult for Chinese employes to keep their minds on their work when squads of fully-equipped and steel-helmeted Japanese sailors were aiming their guns across the fields or even toward the windows of the factories.

Whether there was any special significance in the fact that the Japanese military authorities suddenly changed their base of activities from the country sections of the Yangtszepoo area to the densely populated business blocks fronting on Soochow creek is not known, but it is impossible for thoughtful persons to separate these activities from the recent declarations of the Tokyo Foreign Office and the pressure which is now being exerted to force Chinese compliance with the Japanese demands. Occidentals who are familiar with what occurred in Mukden in the fall of 1931 have been particularly interested in the recent Japanese military activities here because of the striking similarity. They are firmly convinced that the present Japanese war-games and practice occupations of Shanghai which have become a regular feature of the Japanese war establishment here may be a preliminary to more serious events to come. For many weeks prior to the actual occupation of Mukden on the fateful night of September 18, 1931 the Japanese held similar "practice" maneuvers about that city in which they carried out all of the moves considered necessary for the actual occupation of the city. Then came the so-called Mukden "incident" wherein the Japanese claimed the Chinese had blown-up a section of the tracks of the Japanese government-operated South Manchuria railway. The incident occurred at night and by a strange coincidence a considerable section of Japanese troops was maneuvering in the vicinity. A Japanese officer telephoned the information to the Japanese military headquarters and within a few minutes the order for the occupation of Mukden was issued and the military wheels were set moving for the eventual occupation of all Manchuria. One cannot help but feel that similar moves are in contemplation here—and also at Tientsin and Peiping where considerable bodies of Japanese troops are likewise stationed—and also at Tsingtao where Japanese warcraft always are anchored—and also at Amoy and Foochow in Fukien province which are within the Japanese "sphere" and accessible from Japanese military and naval bases located in the colony of Formosa.

But we are primarily concerned with developments here because of the international character of the port and because of our remembrance of what happened here a little over two years ago. At the conclusion of the Sino-Japanese hostilities an agreement was signed by China and Japan and witnessed by the other Powers wherein the two combatants agreed to withdraw their respective troops, following which a so-called "neutral" area was created which has since been policed by Chinese gendarmes. Only on one occasion has there been any charge of Chinese violation of this truce and that was technical only, when the Chinese military authorities sent troops along the railway which skirts the foreign settlements, in connection with the Central Government's campaign against the rebel forces in Fukien province. But one cannot say so much for the Japanese who have since constructed a permanent barracks and fortified zone in Chinese territory in the Chapei section adjoining the International Settlement and have continuously conducted highly provacative maneuvers and war-games both within and outside of the Settlement area. The subject was recently, referred to in the British House of Commons. On May 8 Duff-Cooper, financial secretary to the war office, in reply to a question said that the strength of the British forces at present in Shanghai was 1,071. On the following day Mr. Duff-Cooper, in response to a question about the erection of permanent barracks here for the housing of the international forces said that "he had been informed that new barracks for the Japanese troops had been completed last September." He also said that he had not been informed of any other new construction. On May 14 Sir Alfred Knox, member of the House of Commons, again raised the question of the strength of the British garrison at Shanghai and declared that the Japanese and French forces exceeded the British. He also said that in the event the American forces were increased it would leave the British in "fourth" position.

For some unexplained reason the question whether or not the Americans intended to increase their forces appeared to be of more concern to the British parliamentarians than the fact that the British troops are exceeded in numbers by both the Japanese and French. Sir John Simon, secretary of state for foreign affairs said he had not received any recent report from Sir Alexander Cadogan, British Minister, regarding the numerical strength of the American forces and he didn't think any useful purpose would be served by making inquiries in Washington. Another member, Adrian C. Moreing, a Conservative then asked Sir Bolton Eyres-Monsell, First Lord of the Admiralty, whether the British naval attache in Peiping had made any recent report on the number of American Marines in Shanghai. Since he didn't know either, it was finally decided to have the military attache in Peiping make an investigation, as the British authorities appeared to be seriously disturbed at the rumors allegedly prevalent in Shanghai that the American forces were to be greatly increased. It is to be hoped that the members of the House of Commons have been informed by this time that the American forces in Shanghai now number about 1,800 officers and men and furthermore that the number never has been a secret. Another point that the

British military attache might include in his report is that the French forces in Shanghai also have completed permanent barracks, a picture of which appears on another page in this issue.

But instead of worrying about the numerical strength of the American forces, we would suggest that the British authorities, in their own interest might well concern themselves with two other issues which are of vastly greater importance: First, the practical occupation of the Hongkew section of the International Settlement by the Japanese navy; and second, the rapid degeneration of the British administration in the International Settlement which has fallen into the hands of so-called Seassoon interests and is being exploited for their selfish purposes. So long as the British Government follows its present do-nothing policy with respect to the International Settlement it doesn't make any particular difference whether the British military authorities maintain two thousand or two dozen troops here. Also it might be of interest in London that reports are current in both foreign and Chinese circles here that the British have a secret arrangement with the Japanese whereby the British will make no resistence in the event the Japanese make another attempt to seize the Settlement. The only bright spot on the diplomatic horizon is the report that the American Government finally has consented to discuss with China the whole question of a revision of the Sino-American commercial treaty which involves both exterritoriality and the status of American interests in the International Settlement. The Japanese newspapers claimed that the question of treaty revision constituted the chief purpose of Minister Johnson's recent trip to Nanking, and while no statement on the subject has been issued from the American side it is known that the Chinese have made a thorough investigation and have compiled voluminous reports bearing on the following points:

(A)
1. An analysis of the provisions of the Treaty and the problem of its effectiveness or validity.
2. The present condition of Sino-American trade and its tendency.
3. An investigation of American factories established in Chinese territories.
4. The present condition of American investments in the mining industry in China.
5. Study of American manufactured articles registered with the Trade Marks Bureau (Chinese).

(B) The Opinion of the Ministry about future treaty conclusion:
1. Mutual investment and joint enterprises in lawful businesses by both people.
2. Problem concerning of the right of foreign nationals to open factories in China. (Report has it that the tendency is to discourage the opening of foreign factories on Chinese soil which gives them many advantages, such as cheap labour, etc.)
3. Problem concerning the registration of trade marks and protection.
4. Problem concerning patent rights copyrights and monopoly.
5. Problem concerning Chinese migration to the United States.

(C) The Ministry of Industries has called the attention of the Ministry of Foreign Affairs to the following points: —
1. Problem concerning the rights of foreign nationals to engage in the reality property business or to purchase and own lands in the interior of China.
2. The refusal of foreigners to pay business taxes.
3. The right of foreign steamers to navigate in Chinese waters.
4. Problem concerning the demand from foreign merchants to avail themselves of Chinese Law on the Encouragement of Special Industries and to demand the exemption of taxation. (Report has it that the Ministry of Industries has called the attention of the Foreign Office with the fact that such Law is applicable to the Chinese.

Japan Presses China for Repayment of Yen 900,000,000 Defaulted Loans

"There is no need for political 'engineering' in dealing with China. What should be emphasized as most important in Japanese policy toward China is the economic and military side. The military phase has been worked at from time to time, but the efforts to promote close economic and financial cooperation has always been lagging far behind."—Recent statement of Col. Hiroshi Nemoto, former Japanese Military Attache stationed in Shanghai and now head of the Press Section of the Tokyo War Office.

HAVING concluded the major phases of her military activities in China, Japan is now inaugurating the financial and economic phases—in accordance with the plan suggested by the Japanese military spokesman who declared in effect that Japan should only use soldiers and bankers, or more concretely rifles and money in dealings with the Chinese people. Apparently in accordance with this plan, instructions have been sent to Consul-General Yaichiro Suma at Nanking to immediately open negotiations with Nanking officialdom for the repayment of some Yen 900,000,000 which China allegedly owes to Japanese banks and individuals extending over a considerable number of years. While no official statement on the new Japanese policy has been issued from the Tokyo War or Foreign Offices, inspired reports in the *Jiji* and *Nichi-Nichi* indicated that special instructions to the foregoing effect had been sent to the Japanese Consul-General in Nanking. Also it was reported that Akira Ariyoshi, Japanese Minister, who has been in Tokyo for several days conferring with high officials of the Japanese Government on China policy, is now on his way back to China.

As an initial step in the inauguration of the new Japanese financial policy, the Tokyo authorities will propose the readjustment of the old Exchange Bank of China, 中華匯業銀行 (中日合辦) a Sino-Japanese institution which was founded by Japanese financial interests in 1917-1918 and through which most of the so-

called-Nishihara loans were advanced to the Anfu clique of Chinese militarists and politicians who had control of the Chinese Government at Peking during most of the period of the World War. According to reports in the Tokyo newspapers on May 14, the matter of reorganizing the defunct Exchange Bank of China was discussed at a conference in the Japanese capital which was participated in by leading Japanese financiers and by Wang I-tang, an influential member of the Anfu clique who is now referred to as an adviser to Gen. Huang Fu, chairman of the Peiping Political Council. Wang I-tang, until recently has been in political retirement, residing in the Japanese zone at Dairen and in the Japanese concession at Tientsin. On May 16 Wang I-tang had a two-hour interview with General Hayashi, Japanese War Minister, and according to a report in the *Japan Chronicle* (Kobe) Hayashi warned China against a continuance of the old policy of "playing off one foreign country against another." The report in the *Japan Advertiser* referring to the visit of Wang I-tang to Tokyo, stated that it had been agreed by both Wang and officials of the Japanese creditor banks that the reopening of the Exchange Bank "would accelerate Sino-Japanese friendship and promote the economic interests of North China." The report then went on to say that the Chinese and Japanese personnel of the reorganized financial organ would be announced shortly and that Wang I-tang probably would be director of the Board with Tsao Yu-lin, another Anfuite as chief assistant. Five other Chinese financiers and statesman of "pro-Japanese inclinations" including Li Shih-ho and Tseng Yu-tsun, would serve on the board, while the Japanese personnel would include Ryojiro Harada as managing-director, with Toyotaro Yuki of the Industrial Bank of Japan and Keizaburo Kato, president of the Bank of Chosen. The first problem which the bank will tackle will be the readjustment of the so-called Nishihara loans, advanced to the Anfu clique in 1917-1918, the principal of which amounted to more than $300,000,000 and other advances to the Chinese Government by Japanese banks and individuals, the grand total of which, including principal and interest now amounts to more than Yen 900,000,000. The Japanese report admitted that only Yen 64,000,000 of this large sum is secured by reliable mortgages.

In addition to the negotiations in Tokyo which were participated in by Wang I-tang and the Japanese financiers, looking toward the reorganization of the Exchange Bank of China, a *Rengo* report from Shanghai which appeared in the *Japan Advertiser* on May 15 stated that another leading Japanese financier, Nagayuki Takayama, president of the Oriental Development Corporation, had been in Shanghai conferring with Gen. Huang Fu and also with Chang Kia-ngau, managing-director of the Bank of China. This report stated that Mr. Takayama, before coming to Shanghai had spent considerable time in north China and in Shantung conferring with Chinese political leaders and financiers on the questions of readjusting Chinese loans, Japanese investments in north China and the promotion of Sino-Japanese enterprises. A further *Rengo* message from Nanking published in the Japanese newspapers on May 15 stated that following Gen. Huang Fu's return to Peiping direct negotiations would be opened between the Chinese and Japanese authorities for the settlement of outstanding questions "of a strictly local character."

A complete list of the so-called Nishihara loans appeared in *The Review* on May 19 (Page 444) but in view of the importance of the subject at the present time the following historical statement about them is reprinted from the May 11 issue of the *Osaka Mainichi:*

"China's loans from Japan have a history of 30 years and amount to more than 100 kinds, of which about 70 are unredeemed, totalling in principal and interest approximately Yen 900,000,000. Roughly dividing these loans, there are 33 related to the finance department of the central government, amounting to about Yen 500,000,000; those of the railway department, about Yen 200,000,000; those of the communications department, about Yen 60,000,000; those of the provinces, about Yen 30,000,000, and those of commercial concerns, about Yen 100,000,000.

"As to the totals of principal and interest, the experts are calculating them, but no accurate data are yet available. According to the figures compiled in 1918 by Masunosuke Odagiri who once represented Japan in furnishing loans to China, the principal, interest, and compound interest altogether amount to Yen 730,477,000. These loans are specified as follows (unit, Yen 1,000):

	Yen
General finance	142,354
Railways	164,219
Communications	75,609
Military	102,559
Commerce	254,090
Others	646
Total	Yen 730,477

"Of these loans, those of the Chinese government amount to Yen 553,237,000 and those of private concerns to Yen 177,240,000. As to the securities for these loans, those having sound security amount to only Yen 64,000,000, the rest being unsecured, for all practical purposes. The figures shown above are those of 1928; if we add the interest that has accumulated during the six or seven years since then, the amount will be more than Yen 900,000,000, according to the Chinese themselves.

"What are most difficult to settle, of all these, are the so-called Nishihara loans. The Nishihara loans were principally concluded with the communications department in 1918, when the political power was in the hands of the Anfu faction. Specified, these loans are: (unit, Yen 1,000,000).

	Yen
Communications Bank	20
Telegraph	20
Kirin-Kainei Ry. (advance)	10
Kirin-Amur forestry	30
Manchuria-Mongolia 4 rys. (advance)	20
Kaomi-Shuchow, and Tsinan-Shunte rys. (advance)	20
World War loan	20
Total	Yen 140

"If we compute the principal and interest of these loans up to now, the total may approach Yen 300,000,000. A majority of these loans was furnished against the treasury bonds of the Republican government, which is equivalent to having no security. Besides the object of these loans was practically ignoerd and they were disposed of for the benefit of the military cliques.

"On account of such a desultory manner of investment, the Bank of Chosen, the Bank of Taiwan, and the Industrial Bank were threatened with a serious situation. The adjustment of loans to China has been a standing question for more than a dozen years, and the most difficult question is the adjustment of these Nishihara loans. As far back as in 1924, Japan demanded of China the adjustment of the loans and in the tariff conference of 1925, Japan asked the Chinese government to transfer the increased tariff revenue to the adjustment of the loans with uncertain security.

"In 1928, when China declared tariff autonomy, the adjustment of the Nishihara loans was made a condition for the recognition of this autonomy. All of these measures failed to materialize and the loans have been left as they were until now."

Japan's decision to again try to force China to repay the defaulted loans apparently was a direct outcome of her recent hands-off declaration which was designed primarily for the purpose of blocking a reported scheme of the League of Nations to formulate a new financial plan for China. In this connection the Japanese newspapers have published extensive reports from their correspondents in China about the recently lanuched Chinese financing corporation which was announced sometime ago by T. V. Soong, director of the National Economic Council and Dr. H. H. Kung, Finance Minister. According to these reports the new Chinese financial organ, designed for the purpose of promoting railway construction and industrial projects, was originally outlined by a French financial adviser named Jean Monet who had the approval of Gen. Chiang Kai-shek . It was alleged in a *Nippon Dempo* dispatch from Nanking which appeared in the *Osaka Mainichi* on May 12 that the Japanese Consul-General in Nanking had protested against the new Chinese financial plan on the ground that it would conflict with the old international banking consortium, in which Japan had occupied a prominent position and also on the ground that Japan, in accordance with her recently announced "hands-off" policy, would not approve of any financing plans in China which were not directed by the Japanese. Since China had refused to consider the Japanese protest, the Japanese apparently decided to retaliate by reopening the old issue of the defaulted Nishihara loans. In this connection the Japanese *Rengo* message declared, "Difficulties are predicted for the future of the Chinese scheme as the Japanese declaration of April 17 is thought to have dampened the enthusiasm of possible investors, and political factors are thought to be involved in that the new organization would inevitably have dealings with the National Economic Commission which is an organ of technical cooperation with the League of Nations." In further reference to the subject, the *Japan Times* stated on May 11 that the Tokyo Foreign Office had formulated the following policy with respect to Chinese financial matters:

1. China at present has foreign loans amounting over 800,000,000 yen, and these must be readjusted before new loans are made as they would only increase the heavy burden now on the Chinese:

2. International investment made in the past have not borne the fruit originally hoped for, and is doubtful whether other countries will readily make more loans in view of past experiences and failure.

3. Although these loans will be made ostensibly for the development of China, should the work planned fail, or the money advanced made use of by military cliques, the wronged party will demand a recompense which is likely to lead to situations in China injurious to peace and order;

4. If international loans fail to achieve the desired result, who will take the responsibility for them? The result will be to burden China with more trouble. If international cooperation is regionalized in accordance with the various industries, it will eventually lead to the establishment of spheres of influence for each participating Power;

5. Japan believes that the development of China must be effected largely through the awakening of the Chinese themselves to the need of the development of resources and national strength, with the cooperation of other Powers who will be motivated by unselfish considerations. Therefore the Japanese Government will not participate in giving international assistance to China of the nature now suggested, but will only watch developments.

The Japanese newspapers also reported on May 17 that in addition to the formation of the new China Finance Corporation, capitalized at $10,000,000 or the equivalent of U.S. $3,000,000 that Dr. H. H. Kung, Finance Minister had obtained the sanction of the Government for increasing the capital of the Central Bank of China from $20,000,000 to $100,000,000 and also that three new Government-controlled banks would shortly be inaugurated for the purpose of fostering rural economics and manufacturing enterprises under the direction of the Ministries of Industries and Finance. The reports stated the Japanese Government was watching these developments closely and in the event they involved loans from foreign sources they would be opposed by Japan.

It is of undoubted significance that the Japanese military and political spokesmen in their statements regarding political conditions in China always refer with considerable bitterness to the fact that Japan would have plain sailing in China were it not for the opposition of T. V. Soong, former Finance Minister. Often the Japanese link Sun Fo's name with that of Soong as an opponent of their schemes. The reasons for this are not difficult to find. Soong, while Finance Minister, always resisted Japan's efforts to have the old immoral Nishihara loans legalized, while Sun Fo, through the Legislative Yuan has tried to block Japanese schemes in north China leading toward a recognition of Manchukuo and more recently has opposed the Japanese hegemony policy. It was Japanese opposition to the American cotton and wheat loan which was largely responsible for Soong's resignation. Now the Japanese warlords are continuing their opposition to Soong because of his and Dr. Kung's efforts to organize an independent Chinese financial organ which might interfere with Japan's program.

South China Authorities Agitated as Japan Convenes "Opposite Shore Conference" in Formosa

Highlights in the Events of the Week:

1. *Canton takes steps to defend South China against possible Japanese encroachments.*
2. *Sino-Japanese Conference at Shanhaikuan.*
3. *Fukien troops recapture Kienning from Communists.*
4. *Panchen Lama arrives in Shanghai from Hangchow.*
5. *Conflicting reports regarding Canton-Nanking relations.*
6. *Feng Yu-hsiang believes Socialists will be victorious.*

A *Reuter* report from Canton on May 19 states that with the conference of South China Japanese consuls in Formosa approaching, the authorities in Canton are giving the closest attention to the Japanese activities in various cities in South China, and are considering measures to cope with a situation that might be created by possible Japanese action in South China.

The Chinese newspapers in Canton understand that the Southwest authorities intend to establish the friendiest relations with those countries having colonies bordering on Kwangtung, such as Great Britain and France, as a step to deal with Japan's intentions in South China. They also give prominence to reports from Foochow, stating that the conference of Japanese consuls includes, firstly, the question concerning passports for Formosans migrating to China; second, the extension of Formosa's trade to South China; and third, the policy regarding Foochow and Amoy in view of the possible emigration of thousands of Formosans to Fukien.

In view of the impending opening of the so-called "Opposite Shore Conference" in Formosa, reported a *Chekiai* telegram from Canton on May 19, the Japanese Consul-General there is reported to be leaving on May 23 for Formosa together his collegue at Hongkong to attend the conference. The Formosan confab is arousing considerable attention on the part of the authorities in Canton, as it is feared that the Japanese may embark upon some action prejudicial to the peace and order of South China following the meeting.

The situation in South China is very tense because of signs of an impending Japanese invasion, declared Yang Teh-chao, representative of General Chen Chi-tang, at Nanking on May 19. Mr. Yang added the Southern authorities are taking precautionary measures.

In order to strengthen the defence of the Hainan Island, General Chen Chi-tang, Commander of the Kwangtung Provincial Forces, has given orders for the transfer of three more regiments to the Island for garrison duties.

The National Defence Conference summoned by General Chen Chen-tang was suddenly called off on May 15. All proposals for submission to the Conference were subsequently brought up for discussion at a joint meeting of the Southwestern Political Affairs Committee and the Southwestern Branch of the C. E. C. While details of the discussions were kept secret, it is learnt that no concrete decisions were reached.

According to a Foochow telegram published in the *China Evening News* May 15, Japanese activities in Fukien are beginning to assume a military character and the so-called the Formosan Youth Corps in Foochow are also becoming increasingly active. The telegram, quoting information from official sources, states that during the past ten days, more than 200 Formosans have come to Foochow and 150 others arrived at Amoy. In the meantime, several Japanese fishing ships are discovered within Chinese territorial waters near Foochow, surveying and making maps of the topography of the Fukien coast. A Japanese military officer attached to the Japanese Consulate in Foochow has recently obtained a Huchao (permit) from the Fukien Provincial Government for a trip to Yenping and other upper Min River cities with unannounced intention.

According to a Foochow message by the *Chekiai* agency on May 21, the Japanese are bringing pressure on the Chinese authorities in Fukien for the lease of Amoy to Japan as a security for Japanese loans to China. The message reports that Li Chi-yi, high advisor to Fukien Provincial Government on Japanese affairs, has dispatched a lengthy telegram to General Chiang Kai-shek, President of the Military Affairs Commission, reporting on the situation. In the meantime, the Fukien Provincial Government has summoned a special meeting to discuss counter-measures against the Japanese move.

Sino-Japanese Conference at Shanhaikuan

A Sino-Japanese conference was held at Shanhaikuan May 15 to discuss various issues affecting the "demilitarized zone." The Chinese side was represented by Yin Tung, Managing-Director of the Peiping-Liaoning Railway, Yin Ju-keng and Tao Shang-ming, Special Commissioners for the Chihsien-Miyun and Luanchow-Shanhaikuan Areas. The Japanese side was represented by Colonel Shibayama, military attaché to the Japanese Legation, Colonels Mitsui and Giga, respectively Head of the Japanese Special Mission at Chengteh, provincial capital of Jehol, and representative of the Japanese Kwangtung Army at Shanhaikuan.

Measures for maintenance of peace and order in the "demilitarized zone," the garrison posts of the peace preservation units, the withdrawal of the "Manchukuo police and the garrison posts of the Japanese troops, were discussed. It is learned that the question of through rail traffic in North China was also discussed, but it is doubted that any decision had been reached on this question.

At the conclusion of the conferences, Yin Tung proceeded to Peitaiho, where he has summoned a number of Peiping-Mukden railway officials for a conference.

The Chinese press states that Ota, a representative of the South Manchuria Railway Company and who was present at the conferences, demanded the resumption of through rail traffic in North China by June 1.

Another report states that a Sino-Japanese Tourist Agency will be established at Shanhaikuan to handle traffic without direct relations to Sino-Manchukuo Affairs.

The outcome of the Shanhaikuan conference between Chinese and Japanese officials, according to the *China Times* on May 17, is as follows:—

(1) Manchukuo police in Nantienmen will be withdrawn within the shortest possible period.
(2) Malanyu is to be returned to China as soon as possible, but the Japanese troops there are to be withdrawn simultaneously with Japanese troops at other Great Wall passes.
(3) In regard to peace and order in the demilitarised zone, the Chinese will undertake to reorganise the special police.
(4) Four thousand newly organised special police will be sent to the demilitarised zone within this month. their arms and military equipment must be similar to those carried by the special police already stationed in the zone.
(5) The withdrawal of Manchukuo customs in Chiumenkow and the restoration of central Great Wall passes will be discussed after the retrocession of Malanyu.

Japanese press reports alleging that a secret treaty re. Inner Mongolia has been concluded between China and Soviet Russia through Dr. W. W. Yen, Chinese Ambassador at Moscow, and the Soviet diplomatic authorities, are categorically denied by the Ministry of Foreign Affairs.

General Huang Fu, Chairman of the Peiping Political Affairs Readjustment Committee, called on Dr. H. H. Kung, Vice-President of the Executive Yuan and concurrently Minister of Finance, in the morning of May 17 and discussed with him the financial problems in North China.

Yin Tung, managing director of the Peiping-Mukden railway, who attended the Sino-Japanese conference held recently at Shanhaikuan, left for Shanghai by train May 2. The purpose of his trip south to submit a report on the discussions of the conference to General Huang Fu and to

seek further instructions. Mr. Yin saw Lt.-Col. K. Shibayama, military attache to the Japanese Legation, before his departure.

An important Conference between General Huang Fu and Akira Ariyoshi, Japanese Minister to China, is scheduled to be held at Shanghai this week end, according to a report in *Shanghai Evening Post* on May 23. Mr. Ariyoshi is expected to arrive here from Tokyo on May 26. The coming discussions between General Huang and Mr. Ariyoshi may prove important in the Sino-Japanese disputes, as Mr. Ariyoshi may prove important in the Sino-Japanese disputes, as Mr. Ariyoshi is understood to be armed with new policies in dealing with China. Direct Sino-Japanese negotiations are freely indicated in official and semi-official circles, the paper said.

Tang Yu-jen, Vice-Minister of Foreign Affairs, declared on May 23 that save for the Manchurian issue which has been placed in the hands of the League, China has full rights to conduct negotiations with Japan without infringing upon the stipulations of the League resolution of non-recognition of "Manchukuo."

In order to settle the pressing issue of through rail traffic and postal communication between North China and Manchuria, the paper reported, a "Tourist Bureau" by a third party will be established to handle the rail traffic and postal matters. This arrangement, it is said, while satisfactory to Japan, will at the same time not involve China to the implication of extending *de facto* recognition to "Manchukuo" in violation of the League resolution.

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A stirring appeal from the people of the North-eastern provinces (Manchuria) has just been received at Nanking through an emissary, who managed to smuggle it through the Great Wall at great personal risk.

The statement warns the Government against acceding to the Japanese demand for the resumption of postal and railway communication with the puppet "Manchukuo," and urges the nation to make preparations for the defence of the nation and the recovery of the occupied territories.

In order to secure the *de facto* recognition of the puppet state of "Manchukuo," the message states, the Japanese are resorting to methods of both cajolery and intimidation. Their recent overtures to the Chinese authorities for resumption of postal and railway communication with the North-east is part of their policy for the attainment of their objective.

Should the Government comply with the Japanese demand for the resumption of postal and railway service with the North-east, the Japanese would then use that fact as a ground of appeal to the World Powers to divide China among themselves.

To avoid the partition of China, therefore, the Government must not accede to this Japanese demand. Of course, the refusal of the Government to consider the demand might result in the Japanese invasion of North China.

Rather than recognize the puppet state, the Government must face this grim possibility and take measures for effective resistance against such aggression.

In conclusion, the message urges the nation to refrain from indulging in too severe criticism of those Chinese who have joined the "Manchukuo" government service. Due to force of circumstances, many of these men are working for the puppet state, not for the sake of position or wealth, but solely for the purpose of assisting the nation to recover the North-eastern provinces in the future.

Hu Han-min's Advice to Powers

The *Chung Hsin Pao* at Hongkong in its issue on April 28 printed a special article by Hu Han-min, veteran Party leader now in retirement at Hongkong and former President of the Legislative Yuan at Nanking, entitled "An advice to friendly Powers on the Far Eastern Question" commenting on the April 17th statement issued by the Japanese Foreign Office. The article discusses the interests of Great Britain, United States and Soviet Russia in the Far East and advocates that the three Powers should unite their efforts for the settlement of the Far Eastern Question. After pointing out that the steady expansion the Japanese imperialistic militarism in the Far East is due mainly to the lack of co-operation on the part of the three Powers to check it, the article says:

"In view of this situation, we can not but offer our most sincere advice to Great Britain, United States and Russia. In regard to Great Britain, Japan has been doing her utmost to encroach upon British interests in the East. Not only has Japan forged her economic penetration into India and Australia, but she has also instigated the Indians and Afghans to independence. At the same time, she is aiding the Siamese financially and otherwise to become the vanguard of the anti-British force in the South Pacific. If Japan actually succeeds in her ambition of conquering and dominating China, what will be left for Great Britain in the Far East? In the case of the United States, since the exchange of notes between Hirota and Hull, the Japanese have become more arrogant in their attitude towards Great Britain and more oppressive towards China. What benefit has the United States reaped from this diplomatic move? As a matter of fact, the move not only fails to bring any benefit to the United States, but renders more empty the Stimson doctrine and further weakens her prestige as the guardian of peace in the Far East which she has acquired since the Washington Conference. The result of policy of tolerance and forebearance will not only involve the loss of the benefits of American trade in the Far East but as Japan expands, will make the Philippine Islands as a second Manchuria. As regards Soviet Russit, it is an indisputable fact that Japanese Imperialism must necessarily conflict with the ambitions of Soviet Russia. It is known to every reader of history that the Russo-Japanese War of 1904 was fought because of their rivalry in Manchuria and Korea. In order to safeguard her securit yin Manchuria and Korea, the Japanese will undoubtedly exert their utmost efforts to keep the Russian influence away from the Far East, particularly from Inner Mongolia. For this reason Japanese military preparations in the Northeastern Provinces during the past two years have been made with Russia as their objective. As the policies of Japan and Russia are different, conflict of interests in the Far East is inevitable. China, being sandwiched between Russia and Japan, will be the victim of their rivalries. It would be to Russia's own interest if she would not merely indulge in words but resort to actions to effect a settlement of the Far Eastern Question."

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According to a *Rengo* report from Tokyo on May 15, Wang I-tang, a member of Peiping Political Council and advisor to General Huang Fu, who is visiting Tokyo, lunched on said day with Premier Saito, when they exchanged views on pending Sino-Japanese problems. Yesterday afternoon, Mr. Wang interviewed War Minister General Hayashi to express his views on the solution of the various Sino-Japanese problems in North China and also to seek General Hayashi's understanding regarding General Huang Fu's position. War Minister Hayashi is understood to have reminded Mr. Wang that, if China resorts to the old policy of playing one foreign country against another, there will be no hope for the improvement of Sino-Japanese situation.

Kien-ning, "Red" Stronghold, Captured by Fukien Troops

A *Chekiai* telegram from Foochow states that Kienning, an important city in North-western Fukien, which had been under Communist control for the past six months, was occupied in the morning of May 17 by the Government troops, according to an official communique received by the Fukien Provincial Government on May 18 from General Chiang Ting-wen, Commander-in-Chief of the Eastern Bandit Suppression Forces. General Chiang is now at Lungyen, directing operations against the Communists in person. With the fall of Kien-ning, the communique states, there remain only thhree more cities in Fukien to be recovered from the Communists, namely, Changting, Chingniu and Kweihua, all in southwestern Fukien. The communique adds that General Chen Ming-jen's Division captured Ansha on May 17 is now pressing toward Kweihua, whose fall is expected in the immediate future.

General Chiang Kai-shek has ordered the Eastern Route Bandit Suppression Forces to recapture, Changting, important "Red" stronghold in southern Fukien, before the end of June. Changting is less than 30 miles east of Juikin, "Red" capital in south-eastern Kiangsi.

Lu I-san, a "Red" battalion commander near Shahsien, 40 miles south-west of Yenping in northern Fukien, has surrendered to the Government troops with his followers.

The "Red" bandits under Lo Ping-hui, after sustaining heavy losses at Yungan, western Fukien, have retreated further westwards toward Mingki (Kweihwa) and Liencheng. The Government units under General Wei Li-huang are now in close pursuit of the marauders. The 3rd and 9th Government Divisions are jointly making a frontal attack on the outlaws at Siaotao, less than 20 miles east of Liencheng.

The remnant "Reds" at Hweichang, "Red" stronghold in southern Kiangsi, are retreating north-eastward to Juikin. The 1st Kwangtung column under General Yu Han-mou has sent crack units to cut off the communications of the Reds" between Hweichang and Yutu, southern Kiangsi.

General Ho Chien, Commander-in-Chief of the Western Route Bandit-suppression Forces, proceeded to Pingsiang, western Kiangsi, on May 18 to resume direction of the operations against the remnant "Reds" along the Kiangsi-Hupeh-Hunan border.

With the close of the bandit-suppression conference convened at Chengtu by General Liu Hsiang, Commander-in-Chief of the Szechuan Bandit-suppression Forces, the various Government route armies have resumed their attack on the "Reds" under Hsu Hsiang-chien.

General Liu will leave for the front to personally direct operations against the "Reds." He will establish provisional headquarters at Shunking, Suining and Pachung.

The outlaws under Hsu Hsiang-chien are throwing all their available forces into the fray to break through the cordon made by the Szechuan troops.

Pengshui, in south-eastern Szechuan near the Szechuan-Hupeh-Hunan-Kweichow border, has been wrested from the "Reds" under Ho Lung by the Szechuan Provincial Forces. The defeated outlaws are escaping to the Szechuan-Hupeh border.

A military conference is being held at Chungking by General Liu Hsiang to discuss concrete measures for the suppression of the "Red" bandits under the notorious Hsu Hsiang-chien at Tungkiang, the only remaining "Red" stronghold in northern Szechuan.

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Conflicting reports regarding Nanking-Canton Relations

Rumors to the contrary notwithstanding, the South-western leaders are unwavering in their support of the Central Government in face of the present national crisis. A *Chekiai* report from Nanking on May 19. states that in order to stabilize the situation in South China and bring closer and more effective the co-operation between it and the Central Government, Generals Chen Chi-tang and Li Tsung-jen, respectively high military Commanders in Kwangtung and Kwangsi, have sent a joint telegram to the Central Government, requesting that a high Commissioner of the Government be dispatched to Canton to discuss measures with the southern authorities for the consolidation of the national defence of the South and the suppression of the Communist disturbance in Kiangsi province. In this connection, it is learned that the present visit of General Huang Shao-hsiung, Minister of Interior, to Kiangsi, is mainly for the purpose of seeking instructions from General Chiang Kai-shek, President of the Military Affairs Commission, regarding the matter and that General Huang is mostly likely to be appointed the high Commissioner to the South for the mission.

Replying to an enquiry from General Huang Shao-hsiung, it is learnt that General Li Tsung-jen, in a telegram denies the current report regarding a five-province alliance in the South and other rumors fabricated by reactionary elements with a view to sowing dissension. General Li requests that their attitude be made known to General Chiang Kai-shek, President of the Military Affairs Commission.

⁂

According to a report in the May 19th bulletin of the Japanese Information Bureau at Tientsin, General Chiang Kai-shek, in order to carry out his campaign against the Southwest provinces, is increasing the number of Nanking troops already concentrated on the border of Kiangsi and Kwangtung. The Southwest provinces are at the same time also strengthening their internal combination so as to cope with the situation. Under such circumstances, the relations between General Chiang and the Southwest are gradually becoming tense. According to the latest despatch from Nanking, General Chiang and Wang Ching-wei are intending to bring more pressure to bear upon the Southwest provinces, as the anti-Red campaign proves more effective and three military roads are under construction in Kiangsi and Fukien, all leading towards Kwanfitung. These roads are expected to be completed sometime in July and in August large forces of Nanking troops will be sent to Kwangtung down along them to extend Nanking influence to Southwest.

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After pointing out the present tense political atmosphere in Canton, a special correspondence of the *Shanghai Evening Post* on May 14 states that while it is yet uncertain whether there will be another split between Canton and Nanking, there is resentment in government circles in Canton against the attempt of the National Government to abolish the Kuomintang Southwest Executive Committee and the Southwest Political Council.

The latest intimation that Nanking wants to abolish the two Southwest organs was in the nature of a petition by the fourth plentry session of the Hunan Provincial Kuomintang, which met recently in Changsha. Delegates to this plenary session passed a resolution urging the central authorities to remove the two Southwest organs in Canton.

As a counter-stroke, the Southwest military and Party heads, it is understood, will ask Nanking "to lay off" Kwangtung and to devote its attention to recover the lost provinces.

The conference on the Anti-Bandit Suppression Campaign in Kiangsi was opened at Canton on May 15 under the chairmanship of General Chen Chi-tang, Commander-in-Chief of the Southern Route Bandit-Suppression Forces. The Conference is being attended by a large number of leading commanders both at the front and in the rear, including Generals Li Yang-ching, Miao Pei-nan, Lin Fu-yuan, Chang Tsi-ying and six others. However, owing to pressure of duties at the front, General Yu Han-mou, Field-Commander of the 1st Column of the Southern Route Bandit Forces, is not able to participate in the discussions.

The Kwangsi Provincial Government is taking active steps to organise a "national defence army." One regiment has already been organised.

The Canton Government Mint, which has suspended work for the past several months, will resume operation on June 1, according to at *Chekiai* report on May 21. Wen Hsi-ta has been appointed new Director of the Mint.

Panchen Lama in Shanghai, General Huang Reaches Tatsienlu

The Panchen Lama, spiritual leader of Tibet, arrived at Shanghai from Hangchow on May 22 in response to the invitation of Mayor Wu Teh-chen of Shanghai. As the Panchen Lama is averse to staying in the International Settlement, the building of the Shanghai office of the Ministry of Foreign Affairs has been made his provisional Headquarters during his visit here.

General Huang Mu-sung, Special Commissioner to Tibet, in a telegram to the Government on May 15, reports his arrival at Kangting (Tatsienlu), provincial capital of Sikong. The message denies press reports that hostilities have broken out again between the Tibetan and Sikong troops on the Sikong Tibetan border. General Huang reached Yachow, western Szechuan near the Szechuan-Sikong border, on the 10th Inst. and conferred with General Liu Wen-hui, Defence Commissioner for the Szechuan-Sikong Border.

Hsing-Sa Hutuketu, "Living Buddha" of Chinghai (Kokonor), arrived at Peiping on May 17 from Shensi. The Chinghai dignitary is proceeding to the Capital in a few days to urge the Panchen Lama, "Living Buddha" of Tibet, on behalf of the people of Chinghai, to return to Tibet.

Khalid Shledrake, Said Now in Peiping

The *Chekiai* reports from Peiping on May 21 that Khalid Shledrake British intriguer in Sinkiang and self-

styled "King of Islamistan" has secretly arrived at Peiping. Efforts to confirm the report from British circles there are successful and the British Legation is also silent on it. However, the Soviet diplomatic representatives and other foreign Legations at Peiping there are paying close attention to this report and watching the movements of the Briton. In view of the present confused state in Sinkiang, activities of Sheldrake may lead to startling changes in that province.

Prince To-Ko-To-Ming, personal representative of Prince So-No-Mu-La-Pu, President of the Silingol League and Vice-Chairman of the Mongolian Political Council arrived at Nanking on May 15 from Peiping. He called on Presidents Lin Sen and Wang Ching-wei as well as various Ministers on May 16. Prince To has submitted to the Central authorities a memorandum on the proposed programme of the Council, which includes plans for the administration of Inner Mongolia along the following lines: civil affairs, finance, peace preservation, industry and education. The initial expenses of the Council, according to the memorandum, are estimated at approximately $70,000 and the monthly expenses $80,000. Prince To will proceed to Kiangsi to see General Chiang Kai-shek, President of the Military Affairs Commission.

It is reported that General Sung Chih-yuan, Chairman of Charhar Provincial Government, may make a trip to Kiangsi to see General Chiang Kai-shek to report on the present Sino-Japanese situation in North China, but the date of his departure for the South has not been announced.

General Hsiao Chen-ying, personal representative of General Sung who is now visiting Nanking declared that the Japanese troops in eastern Charhar are making feverish preparations, for what object he does not know. The situation, he said, is most uncertain.

In a communication to the Peiping Branch of the Military Affairs Commission, the Ministry of Foreign Affairs requests that the field practices frequently conducted by Japanese troops along the Peiping-Liaoning Railway be stopped. Such practices, without the consent of the Chinese authorities, constitute a violation of the stipulations of the Boxer Protocol, the Foreign Ministry points out.

After completing their maneouvers at Tsingtao and Chefoo, the nine large Government gunboats and cruisers reached Taku, Hopei, on May 17. They will continue their practice along the Hopei coast. The nine vessels are the Ying Jui, Ning Hai, Hai Shao, Yat Sen, Chung Shan, Hai Yung, Chi, Ta Tung and Tzu Chiang.

Feng Yu-hsiang Believs Socialists Will Emerge Victorious

General Feng Yu-hsiang arrived at Tsinan May 15 from Tai Shan (mountain) on a pleasure trip to the Kiaotung peninsula. Interviewed upon his arrived, General Feng said that the world is again in the throes of a serious struggle among the various Imperialist Powers on the one hand and between the Capitalist and Socialist forces on the other. He believed that the Socialists would ultimately emerge victorious.

He deplored the "weak-kneed" foreign policy of the Government and re-affirmed his opinion that resistance should be offered against foreign invasion.

General Feng made a passionate speech at Chowpin on May 15. He declared that those Chinese whose sons have become successful officials or businessmen no longer think about anti-Japanese resistance. He further said that if such an attitude were allowed to prevail, China would soon lose her independence. General Feng later proceeded to Weihsien, where he visited the Hua Fung Machine Factory and Pu Fung Textile Factory.

General Feng's boyguard, numbering over 800 strong, was disbanded on May 17, due to lack of funds to keep them. The disbanded soldiers were each given $20.

Generol Ho Yao-tsu Likely Appointed Chekiang Chairman

General Lu Ti-ping, Chairman of the Chekiang Provincial Government, has submitted a second resignation to Nanking on the ground of ill health. It is learned that his resignation will be accepted and General Ho Yao-tsu will be appointed his successor.

Wang Ching-wei Entertains South China Newspapermen

A group of newspapermen from Kwangtung and Hongkong, who have arrived at Nanking on an inspection of conditions in Central China, were the guests of President Wang Ching-wei at a tea party at Nanking on May 19.

In a brief address, President Wang said that the economic backwardness of the country has rendered the work of national reconstruction extremely difficult. It is, therefore, imperative first to develop the productivity of the nation, for only through productive reconstruction can national unification be achieved.

The bandit-suppression campaign is being faithfully prosecuted by the Government, and efforts to purify officialdom are also being made, Mr. Wang said.

The visiting journalists will continue their investigation tour to Nanchang and Hankow shortly.

President Wang Ching-wei will be made concurrently Chairman of a Special Council to be established at Nanking shortly under the Executive Yuan for the purpose of improving the efficiency of the administrative organs under the Yuan. The head of the various Ministries and Committees under the Yuan will be concurrently members of the Council.

C. H. H.

Adoption of Definite Policy in Dealing With Japan Urged by Chinese Papers

Pointing out that the Sino-Japanese crisis is aggravating in the light of the recent events in both the North and the South, the *Sin Wan Pao* in its editorial on May 14 comments:

"The difficulty of handling the situation is generally admitted. Because of the lack of a definite policy it seems China has been passively watching the march of events. We fully sympathize with the difficult position of our authorities, but the situation has now been so aggravated that forbearance is no longer possible. Take for example the situation in North China. The Japanese have not only failed to fulfill the terms of the Tangku Armistice concluded a year ago, but on the other hand, they have become more and more aggressive. They are always reaching out for more and making new threats. Japanese encroachments in the North are endless. Should we show any further sign of submission, it will not be long before we will lose our last stand.

"What is even more serious than the situation in North China is the Japanese claim to a dominating influence throughout China. Japan's bitter opposition to our co-operation with the League shows that the Japanese regard China as their exclusive sphere of influence. Such attempts at interfering in our affairs place us in the position of one of the Japanese dependencies and threaten the very foundation of our independence.

"In the present circumstances it is absolutely essential for our Government to formulate a definite policy. The hitherto faltering attitude should be abandoned and effective steps taken to protect the North and to answer any challenge to our sovereign rights. No further wavering is to be tolerated on the plea of moderation."

Advises Against Resuming Rail Traffic with "Manchukuo."

Commenting on the question of through rail traffic between North China and "Manchukuo," the Peiping *World Daily News* on May 17 warns that acceptance by China of the Japanese demand will not only further faciliate Japanese aggression in North China, but will cost her the loss of moral support of the world.

"According to latest reprots, the Chinese and Japanese delegates have decided as a result of the conferences of the last few days to establish a tourist agency at Shanhaikuan to handle through traffic between Peiping and Mukden. This agency is to be known as the Sino-Japanese Tourist Agency so as to avoid any direct relations between China and Manchukuo. Another report says that although views have been exchanged between the Chinese and the Japanese delegates

regarding the question of the restoration of through traffic between Peiping and Mukden no definite decisions have been reached and that further negotiations are necessary. Judging from these reports there appears little doubt that some form of negotiation has been going on. If China accedes to the demand of the Japanese for the restoration of traffic on June 1, it is tnatamount to tacit Chinese recognition of Manchukuo. This will not only facilitate further Japanese aggression but will also cost China the sympathy and moral support of the world. Unless the authorities are blind to the interests of the nation, they should not be so unwise as to do this."

Urges Abolition of two Southwest Organs

In its leading article on May 18 on the situation in the Southwest, the *Central Daily News* at Nanking appeals for national unity in face of the present crisis and urges the abolition of all organizations that hinder unification of the country. The article reads in part as follows:

"While the situation remains grave in North China, reports coming in from the South indicate that a crisis is also developing there. Judging from the activities of Japanese agents in Fukien and Kwangtung, as well as the impending 'opposite shore' conference called by the Governor-General of Formosa, it is obvious that the Japanese are contemplating action in the South.

"At this juncture the south-western authorities, however, have taken some action, the wisdom of which is open to grave doubts. Under the pretext of furthering internal solidarity, they have attempted to form a south-western bloc and have called a military conference with the aim of formulating defence measures. It is a question of whether they have done more good than harm.

"The south-western provinces being a part of China, their destiny is bound up with that of the whole country. In the past the South-west because of ill-founded suspicions has shown a marked separatist tendency. This is especially evident in the functioning of the two semi-independent organisations—the South-west Political Council and the South-west Executive Committee—which seek to exercise supreme authority in the South. These two bodies have not made any worthy contribution, and have merely served the purpose of ambitious politicians. They have not only hindered co-operation between the South-west and the Central Government, but have given rise to a serious conflict between the military and civilian parties in Canton. In these circumstances it is idle to talk about improving national defence.

"In a word, China cannot afford to have further schisms among her leaders and she must present a united front towards the outside world. All organisations that hinder China's unification and prejudice her international position must be abolished, so that unscrupulous politicians may be deprived of their last footing."

Japan's Interference in China's Internal Affairs Should Not Be Tolerated

Commenting on League of Nations' co-operation with Chin aan Japanese objections on May 16, the *Ta Kung Pao* at Tientsin says that as an independent and sovereign country, China can not and must not tolerate Japanese interference in her internal affairs. The paper says:

"We are not those who are obsessed with the idea that the technical co-operation of the League can play a great part in the reconstruction of China. Nor do we expect any immediate financial or economic assistance from the League or the Powers. But at the same time we hold that this is a matter which concerns China alone and which does not admit of intrference by Japan under whatever pretext. The question of technical co-operation between the League and China originated before the events of September 18, 1931 and has no relation to the subsequent developments since. But as a matter of fact there is nothing surprising about the whole thing. China to-day has quite a number of experts capable of handling her reconstruction projects. Even assuming that we have no such experts, it would not be difficult for China to get them, for there is a plenty of technical men available in Europe and America for employment in China. This is again a matter which concerns China alone and in which Japan has no right to meddle. As a matter of fact, we could even well dispense with the assistance of the League in this respect. The reason why we make use of this assistance is because we want to keep on good terms with the League. If Japan is determined to interfere in this matter, we must regard it as an encroachment on our sovereignty and must not tolerate it."

Concluding, the editorial says that Chinese questions should be settled by the Chinese themselves and since China cannot allow herself to be dictated to by the League, how can she accept the interference of Japan?

C. H. H.

General Chiang Chih-kiang Recommends Boxing and Fencing

A course in the native art of boxing and fencing should be inserted in the curriculum of every school throughout the country, in the opinion of General Chang Chih-kiang, President of the National Gymnastics Institute. He has written to President Wang Ching-wei, requesting that the Ministry of Education be instructed to act accordingly.

A set of regulations governing Government assistance to to private higher educational institutions (above the grade of technical schools) has been announced by the Ministry of Education.

A set of provisional regulations governing the organization of post-graduate schools in connection with existing universities was announced by the Ministry of Education May 18 in identic communications to university authorities throughout the country.

A group of 47 graduates of the lst Hupeh Provincial School for Rural Schoolmasters arrived in Nanking, May 19 from Hankow. They later proceeded to Chinkiang, Wusih, Soochow, Shanghai and Hangchow to continue their investigation of educational conditions in the two provinces of Kiangsu and Chekiang.

The date for the entrance examination to the Collegiate Department of the Central Political Institute is announced by the school authorities. The examination will be held in Nanking on August 4 and 5, and in Peiping and Hankow on July 30 and 31.

Certificates were awarded at Nanking May 19 to the successful candidates at the recent Ordinary Civil Service Examination and the Special Examination for the selection of Accountants for the Ministry of Communications. At an impressive ceremony presided over by Tai Chi-tao, President of the Examination Yuan, more than 400 Government officials and representativas of public bodies were present.

Thirty Chinese students are supposed to be going to England this summer, sent by the Indemnity Fund Committee, but H. T. Silcock, the Secretary, was stated in a recent London message to be worried because he has no details about them yet. Last year nine students arrived just before the beginning of the autumn term at the different English universities. Exceptional arrangements were made by which the students were placed at Oxford, Cambridge, and London and other universities. It is unlikely that it will be possible to secure admission to universities at such short notice again, it is said. Competition for entry into all British universities is now so keen that it is of the utmost importance that Chinese students should send in their applications early, *Reuter* says.

Active preparations are being made by the Shansi Provincial Department of Education for the holding of joint examinations for students of the graduating classes of the various Middle Schools in the province. An Examination Committee, composed of members invited by the Provincial Government, will be formed May 25.

Half a Million Dollars Allotted for Overseas Chinese Schools

Grants totalling half a million dollars yearly will be allotted to overseas Chinese schools in different parts of the world by the Central Government. The distribution of the fund will be made through the Central Overseas Affairs Committee. The Central Political Council has decided that no grants be given to overseas Chinese schools which are not registered with the National Government. The first group of 51 overseas Chinese schools to be benefitted include some in Singapore, Penang, Negri Semblan, Bali, Pahang, Kedah, Johore, North Borneo, Sarawak, Rangoon, Burma, Hongkong, Australia, Canada, Medan, Palembang, Padang, Benkulen, Haiphong, Hanoi, Philippine Islands, San Francisco, Seattle, New York, Boston, Nagasaki, Korea and South Africa.

Japanese Delegate Leaves for Batavia to Attend Trade Talks

Dr. Harukazu Nagaoka, Chief Delegate to the forthcoming trade talks at Batavia, accompanied by his advisers, Messrs. Eiichi Kimura and Seizaburo Kawazu, left Tokyo May 18 en route to Java.

A round table conference was held by more than fifty Osaka industrialists May 18 in connection with the forthcoming Netherlands-Japanese trade talks. One of the resolutions passed was that efforts be made to have the special license system of the Netherlands abolished, so as to restore liberty of trade.

Japanese Vice-Minister of Finance Arrested on Bribery Charge

THE Saito Ministry, which has been on the verge of collapse for the past half year, received its hardest blow on May 19, when as *Rengo* puts it, "Government circles buzzed with excitement" following the arrest and formal indictment of Hideo Kuroda, vice-minister of Finance, on a charge of bribery. He was roused from bed by police officers at 5.45 a.m. and, after he had dressed hurriedly, was escorted to the office of the district prosecutor. He is being detained in the Ichigaya prison for examination in connection with alleged irregularities in the affairs of the Bank of Taiwan. In this connection, according to the *Tokyo Shimbun*, several directors of the Bank of Taiwan, and of the Imperial Rayon Co. are being held for examination. Mr. Kuroda is suspected of complicity in a big share deal scandal in June, 1933, which brought about the dismissal of Mr. Shimada, governor of the Bank of Taiwan. The scandal comes as a severe blow to the government, as indiscipline in official quarters has been the subject of much criticism in the past, especially as several ministers have had to resign at various times because of charges of corruption. Mr. Kuroda has been suspended from his duties pending trial. He probably will be succeeded by Masanoeu Fujii, chief of the Accounting Bureau of the Ministry of Finance. The resignation of Mr. Takahashi, Minister of Finance, is foreshadowed as a result of the incident.

Premier Makoto Saito's cabinet May 22 decided to adopt a "wait and see" policy in the scandal revolving around Hideo Kuroda, former vice-minister of finance, and other high finance ministry officials. Not until "all phases of the affair are fully revealed" will the government consider tendering its resignation, it was indicated by the Premier as he emerged from the regular cabinet meeting. Asked how long he expected it would take until the exposure is concluded, the Premier said "Pretty long, I am afraid." In making this amnnounceent, the Premier had the support of his whole cabinet, *Rengo* understands.

Following the formal indictment of Hideo Kuroda, Vice-Minister of Finance, Ryuta Ono, Chief of the Special Banking Section, Iwao Aida, Bank Controller, Jiro Shidomoto, Assistant Banking Inspector, were examined May 20. Teiji Okube, Chief of the Banking Buaeau, was summoned to the Procurators' Office. May 21.

British Labor Leader Attacks Japan's Far Eastern Policy

An attack on Japanese policy in the Far East was launched May 18 in the House of Commons by Sir Stafford Cripps, leader of the Labor Party, who maintained that Japan had embarked on Imperialistic expansion and her two alternatives were either Russia or China. Russia's strength, he said, had apparently modified the desire of Japanese militarists to make an incursion into Siberia as far as Lake Baikal. Their alternative was north China where, it was generally accepted, Japan would establish a "Manchukuo number two." Was Great Britain going to continue to acquiesce to this partition of her spheres of interests in China?, Sir Staffored asked. Presumably, he continued, when Japan had digested north China, she would be ready to take a bite out of south China, forcing out the European powers. It had been reported, he declared, that large promises had been offered Turkey to join a German-Japanese alliance. Thus, it seemed possible that an anti-League of Nations combination might grow up, based upon Japanese and German strength.

"It would be beneficial to the Empire and to British interests in the Far East if we reached a thoroughly good understanding with Japan," Sir John Simon, Foreign Secretary, said in reply. He also emphasized the fact no country had ever pledged itself to use its forces to preserve the territorial integrity and political independence of China. The Nine-Power Treaty only referred to respecting (in contradistinction to preserving) territority. He added that there would always be a difference of opinion as to whether the League of Nations had mishandled the Far Eastern question.

The Japanese Ambassador, T. Matsudaira, May 17 handed Walter Runciman, President of the British Board of Trade, a Note setting forth the Japanese viewpoint on the new quota system. The Note raised the question whether the quotas Great Britain had imposed infringed the most-favored-nation clause of the Anglo-Japanese trade agreement. It contained a request that the quotas should be reconsidered, but no mention was made as to whether Japan would take any action if Britain did not comply.

General Araki to Become Minister to Manchukuo

General Sadao Araki, Japanese war minister and "man of the hour" from Dec. 13, 1931 to Jan. 23 this year, may be appointed Japanese amabssador to Manchukuo this summer, it was indicated in well informed circles in Tokyo Mar 21. Simultaneously, he will become commander in chief of the Japanese Kwantung Army and governor of the Kwantung Leased Territory. The post is at present occupied by General Hishigari, who succeeded the late Marshal Muto who died suddenly on July 27 last, year. General Hishigari, who is 63 years old, is due for retirement, having reached the age limit. The appointment, if it takes place, will be announced late in July or early in August when the bi-annual army promotions and transfers are announced.

Lieut.-General Kenkichi Ueda, commander of the Japanese expeditionary force to Shanghai in 1932 and now assistant Chief of Staff, probably will replace General Kawaoka in Korea. General Matsui's successor was forecast as Lieut.-General Jyuichi Terauchi, son of Marshal Seiki Terauchi, a former premier. Lieut.-General Yoshitsugu Tatekawa, also a former Japanese delegate to the Disarmament Conference and now attached to the Tenth Army Division at Himeji, will be among those to be promoted to a division command, it is said.

Fumimaro Konoe departed from Tokyo May 17 to attend the commencement ceremonies of the Lawrenceville School, preparatory institution, from where his son Fumitaka will graduate. In an interview Prince Konoe reiterated that he was going to the United States in a private capacity, but admitted that he hoped to meet leading American statesmen, writers and journalists during his sojourn.

Dr. Yotaro Sugimura, former Under Secretary-General of the League of Nations, has been selected as Japanese Ambassador to Rome, in succession to Hajime Matsushima, who expressed his intention to resign because of ill health some time ago.

Mr. Latham Leaves Japan on Return to Australia

J. G. Latham, Deputy Prime Minister of Australia, and the other members of his goodwill mission, departed for Australia a from Nagasaki, May 21. During their stay in Japan, Mr. Latham and the members of the goodwill mission visited Tokyo, Osaka, Nara, Shimonoseki and other centers of interest. Complete understanding regarding measures to increase the trade between Japan and Australia are said to have been reached in a two-hour interview between A. C. Moore, Australian information officer, and Saburo Kurusu, chief of the Bureau of Commerce of the Foreign Office. Mr. Moore is a member of the Australian Eastern Mission headed by Mr. Latham.

Pan-Pacific Buddhist Conference to Be Held in Tokyo in July

The second Pan-Pacific Buddhist conference will be held from July 17 to 25, in the newly-built auditorium of the Honganji temple, Tsukiji, Tokyo. On July 22 the conference will shift to Kyoto for a continuation of the sessions. July 24 will be devoted to sightseeing in Osaka, and a visit to Mt. Koya is planned on July 25. Siam is sending 10 delegates, under the leadership of the chief of the government electric bureau, who is also president of the Bangkok Y.B.A. and a prominent figure in that country's business world. Three will come from Singapore, including Rev. Nalada, author of several works on Buddhism. Twenty-eight delegates will come from Manchukuo to attend the sessions. Among them will be 10 lamas from Jehol and Hsingan province. China will send some 11 delegates.

China May Reduce Import Duties to Check Smuggling

The *Osaka Mainchi's* correspondent at Shanghai May 9 telegraphed that the National Government at Nanking will shortly carry out a general revision of customs duties in view of the discovery that the present interim rates, put into effect in May, last year, have proved prohibitively high, and that they have stimulated illegitimate trade, instead of increasing the customs revenue. The opinion was expressed by the Japanese correspondent that the revision may prove advantageous for Japan on the whole, as the rate on many Nippon products is to be reduced. Rayon and sugar rates, in particular are to be reduced. Worked cotton textiles, industrial drugs, high class sundry goods, etc. being articles which do not compete greatly with China's industry are to be restored to the original low rate. China is, however, stated to be contemplating to maintain the present rate, or to increase still further the rate on articles, the import of which is in conflict with China's national industrial welfare. Maritime products and fish are likely to be included in this category, because an active movement is at present going on for tariff protection of these industries in China.

Japanese Consul Optimistic Regarding Future Trade in Yangtsze Valley

Kojiro Iwai, of the commerce staff of the Japanese Consulate-General of Shanghai, in an interview reported in the *Osaka Mainichi* May 11 said that the disappearance of the anti-Japanese campaign in

the Yangtsze Valley impressed him most in a recent trip to that region. Consul Iwai found that Japanese merchandise is being imported steadily, but that the Chinese public chooses to buy such goods at Chinese shops because they would rather avoid being seen buying Japanese goods at Japanese stores. "It has been reported that finances in Szechuan Province are on the verge of bankruptcy," he went on. "I have found, however, that this is not the case. In Szechuan they have an established income from opium, which is not affected by the slump of other agricultural produce. The purchasing power in this province is the strongest in the Yangtsze Valley." British merchants, among others, have already taken note of this fact and are actively reinforcing their commercial organs in this district, according to Consul Iwai. He thinks that the revival in the future of Japanese trade in the Yangtsze district depends much on the promotion of business in Szechuan Province. As regards the general outlook of Japan's trade in the Yangtsze Valley, Consul Iwai entertains optimistic views, on the basis of the disappearance of the anti-Japanese maneuvers, and also on the strong purchasing power in Szechuan province.

Brazilian Deputy Says Brazil Wants No "Second Manchuria"

Deputy de Oliveira, moving spirit in the effort to restrict Japanese immigration into Brazil by means of a constitutional amendment, declared in Rio de Janeiro May 10 that the attitude of the Japanese Foreign Office was equivalent to interference in Brazil's internal affairs. Mr. Oliveira recently charged before the Assembly that Japanese agents were paying for favorable immigration propaganda in Brazil. In his address before the Assembly Mr. Oliveira said he wanted to assure his hearers that Brazil would not become "a future Manchuria."

Japanese Stamps on Mail from Manchukuo?

Dispatches from the North during the week intimated that negotiations were going with a view to having Manchukuo use Japanese (not Manchukuo) stamps on mail sent to China.

The Tientsin *Ta Kung Pao* comments:—"While we maintain that the Government should not enter into any relations with Manchukuo, we hold that an arrangement can be made for the restoration of postal relations without involving any de facto or de jure recognition of the puppet state. This arrangement provides for the despatch of all outgoing mails from China to Manchuria through the Japanese Post Office in Dairen. As regards incoming mails, the good offices of the Dairen Post Office may also be used provided the letters bear Japanese stamps, or in case Manchukuo stamps are used, the letters should be treated as postage-due letters. In this event the mails from Manchuria may be accepted by the Chinese Post Office for transmission."

Japanese Consuls in Manchuria Favor Early Abolition of Extrality

At a five-day conference held in Changchun, May 17 of Japanese consular representatives stationed in Manchuria the Japanese advocated early abolition of Japanese extraterritorial rights in Manchuria, and surrender of the administrative authority exercised at present by the South Manchuria Railway Company over the so-called railway zone, to Manchukuo. These steps were considered necessary for an early consummation of Japanese-Manchukuo cooperation in politics, industrial enterprise and communications in Manchuria. Representatives of Manchukuo and the Japanese Embassy attended the conference.

Chinese Volunteers Drive Japanese Out of Hulin

Volunteer activities in eastern Kirin have been renewed. Volunteer units under General Chen Tung-shan, assisted by more than 20,000 peasants in Ilan and Fuchin, reoccupied the city of Hulin from the hands of Japanese troops on the night of May 15. Chinese flags have been hoisted in many districts in eastern Kirin. Hulin is situated on the Ussuri River. The city was occupied by the Japanese 10th Division last year, but due to the recent arbitrary confiscation of farming land by the Japanese military, the peasants in eastern Kirin have again risen in revolt. General Chen Tung-shan is at the head of the volunteers fighting the Japanese. Sporadic outbreaks of volunteers are taking place in many parts of Kirin, but reports of such activities are usually being rigidly suppressed by the Japanese censors.

A Japanese airplane laden with ammunition went to the assistance of a party besieged by 1,000 so-called Communist bandits near Ankucheng, East Manchuria, May 19. The party consists of Mr. Chang, prefect of Anku prefecture, in Fengtien, members of his staff and several others.

Bandits Kill 11 with Machine-Guns at Chientao

Three Koreans and eight "Manchurians" were killed by bandits on the morning of May 9 while going from Santaowan to Mingyuehkou. One Korean and one Manchurian are missing. The party was attacked near Miaoling at 9 o'clock by a band of 40 outlaws armed with machineguns. Ten of the assailants were killed in the ensuing fight. The party attacked, numbering 21, included members of the Santaowan vigilance corps on the way to Mingyuehkou to purchase provisions.

While 13 Japanese soldiers were travelling in a motor-truck near Ningan (Eastern Kirin) recently the vehicle was overturned after running into a trench dug across the roadway by a party of bandits (also described as Kirin Volunteers). Pouring a deadly hail of rifle-fire into the midst of the 13 men, the bandits who had ambushed them robbed them of everything they possessed and then killed all those who had not been slain in the first attack. Not content with this, they poured kerosene over their bodies and set fire to the corpses.

Another account probably referring to the same incident, says that a party of 13 persons, comprising members of the faculty of Kyohaku Gakuen (College) at Sungkikow, five students and five Japanese guards, were attacked and killed by bandits on May 17 at a point 10 kilometres south of Peikoukow, while returning home by motor cars from Ningkuta. Upon receipt of the report of the bandit attack, a number of Japanese and Manchu soldiers and students at Sungkikow hurriedly left for the scene on May 19 at 1 p.m. Arriving there the same evening, they immediately started, in a pouring rain, to search the locality of the incident. After several hours frantic search in the dark, they came across the corpses of the 13 men at 3 o'clock on the following morning.

Three Russian Kidnappers Arrested in Harbin

The police authorities of Harbin recently discovered some of the leaders of a gang of murderers, robbers and kidnappers who have been working in said city for several years. Three of these men are Russians and are aged from 23 to 28, the leader being a man called Pivovarchik. The cross-questioning of the three by the police led to much information regarding their future plans, which included quite a number of schemes for robbery on a very large scale, and murdering, if they were interfered with in any way, those whom they intended to rob.

Soviets Fire on Manchukuo Steamer on Amur

Tass says that on May 12, the Manchurian steamer *Ti Chen* proceeding upstream on Amur to the mouth of Bidjan river near the confluence of Sungari and Amur, approached the Soviet shore, when persons on board the steamer openly started taking photos and surveying the Soviet shore and the area on the shore where the posts of frontier guards are located. Noticing this, the frontier guards on the post signalled the steamer to stop. As the steamer did not comply with their demand, the guards fired three blankshots, as a warning, Despite this, the steamer continued on her course along the Soviet shore. The guards again for the same reason tried to stop the vessel by signalling, but this again proved futile and the steamer continued on her course without stopping.

The above Soviet version of the firing on the Manchurian steamer was characterized by Tokyo War officials as "another piece of clever Soviet propaganda." They cited the incident of several weeks ago when Soviet aviators deserted and landed with their plane in Manchuria (termed a forced landing" in Soviet dispatches) as an example of Soviet "cover-up" methods.

Salvador Recognizes Manchukuo

Central America has accorded recognition to Manchukuo—the first country outside of Japan to do so. The Japanese are jubilant over the incident. Salvador has taken this action, it is stated, as a snub against the U. S. A. because of delay in recognition in her own case.

Manchuria Gold Mining Organized

The Manchuria Gold Mining Co., which has been authorized by the Manchukuo Government to be organized, was formally inaugurated at the general meeting of the company held in Changchun May 16. The Manchuria Gold Mining Co. thus formed is now authorized to undertake enterprises connected with mining and refining of gold in the provinces of Kirin, Heilungkiang and in the eastern and northern divisions of Hsingan Province. Following the inauguration, the Manchuria Gold Mining Co. issued a statement in the names of the Chairman of the Directorate, Chang Hu, and other officers of the company explaining the circumstances leading up to its formation, its object and policy. The announcement said that the results of the gold prospecting expeditions to Kirin and Heilungkiang, last summer, by S.M.R. special service section and the Kwangtung Army, were so satisfactory that general plans for the new company were drawn up last October.

Another Japanese Brewery to Start Operation in Harbin

The Great Manchuria Hops and Beer Company, with a capital of Yen 10,000,000 has been formed at Harbin with Baron Ikeda, a member of the Japanese House of Peers, at the head. This is the fourth brewery that has sprung into exisience in Manchuria since the establishment of the new state. To secure a constant source of supply of one of the major ingredients of its product, the company has purchased 4,900 acres of land at Imienpo on the Eastern section of the North Manchuria (Chinese Eastern) railway. It will raise hops there.

Prince Yasuhito Chichibu, younger brother of the Japanese Emperor, will leave Tokyo on the afternoon of June 2 for Changchun, capital of Manchukuo, on a goodwill mission. He is due to return home June 18.

Ting Shih-yuan, Manchukuo Minister to Tokyo, will shortly resign and Yen Fu-fu, mayor of Mukden, will probably be his successor, according to a recent message from Mukden.

Japanese Increase Military Strength at Malanyu

The Japanese have recently increased their military strength at Malanyu. Numbers of Japanese and Manchukuo troops are continuing to arrive from Manchuria and new barracks are being built for them. Five Japanese airplanes arrived at Malanyu last week, thus bringing up the Japanese air strength there to over twenty planes.

Japanese to Return Malanyu Next Month

According to Yin Ju-keng, special commissioner for the Luantung area, Malanyu, will be restored to China next month.

According to an official report received by the Hopei Provincial Government from Li Hao-ming, district magistrate of Chihsien in the "demilitarized zone," 240 Japanese soldiers recently arrived at Chihsien. Led by a Japanese major, they have occupied the various organs and hotels in the city with a view to remaining there permanently. A fresh demand has been made by the Japanese military in the city to hand over all heavy weapons of the Chinese peace preservation units to the Japanese. To avoid misunderstandings, the Chinese peace preservation units removed to outside the walled city on Tuesday night. Terror stricken, part of the inhabitants have fled to the neighboring city of Sanho.

The Japanese troops in Chihsien May 16 forced the militia there to surrender their two machine-guns. Yin Ju-keng visited Colonel Shibayama, the Japanese military attache, and demanded the early withdrawal of Japanese troops from Chihsien. At last reports, the Japanese troops were, however, still there.

Interviewed at Tientsin, May 20 regarding the despatch of the newly organized peace preservation units to the "demilitarized zone," General Yu Hsueh-chung, Chairman of the Hopei Provincial Government, stated that the number of men will be less than 8,000. Owing to the fact that the question of arms for the peace preservation units has not been settled, the transfer has been deferred. The original peace preservation units will be recalled from the Luantung area and disbanded later.

Since the completion of the motor road between Dolonor and Kuyuan a fleet of motor trucks has been daily transporting military supplies to Kuyuan from Japanese bases further east, according to a recent despatch from Kalgan.

Japanese Secret Agents in North China

The *Sin Wen* Pao says the General Staff of the Japanese Army has established a secret service organization in North China. A large number of retired Japanese military officers have recently visited Inner Mongolia, Sinkiang, Shensi and Honan in an attempt to spy-out our defences.

Tientsin Court to Investigate Land Deal with Japanese

In connection with the construction of a Japanese airdrome near the Nankai Race Course at Tientsin, a suit has been filed by the *Kwang Jen Shan* Tang (a philanthrophic organization) for cancellation of the lease and the trial of Chang Shao-ching, the original lessee, who is alleged to have fraudulently transferred the lease to the Japanese.

Acting under instructions of the Hopei Provincial Government, Major-General Li Chun-hsiang, the local Commissioner of Public Safety, has been investigating the circumstances under which the lease was made and the whereabouts of Chang Shou-ching, who has gone into hiding in the Japanese concession.

Manchukuo Minister of Interior Under Military Surveillance

According to recent arrivals from Mukden, General Tsang Hsi-yi, minister of the interior in Manchukuo, has been placed under military surveillance because he has incurred the displeasure of his Japanese superiors.

Soviets Vigorously Deny Japanese Reports of Alleged Inner Mongolian Agreement

Tass on May 17 said the report of *Rengo* alleging that a secret agreement about Inner Mongolia had been signed between the Chinese Ambassador to the USSR, Dr. W. W. Yen, now in Peiping, and the diplomatic representative of the USSR in Peiping, is sheer nonsense.

Commenting on "provocative" reports appearing in Japanese newspapers about the alleged conclusion of a secret agreement between the Soviet Union and China with regard to Inner Mongolia, Moscow *Izvestia* May 18 said: "It is not for the first time that *Rengo* is attempting to load the world with benefits by 'sensational' reports; nor is it for the first time that these false sensations prove to be not only malicious, but not clever fakes."

The *Japanese Information Bureau* circular of May 18 said the Soviet government has now concluded a secret agreement with the Nanking government by which the Soviets are permitted to establish many new motor roads in Inner Mongolia. The following are the important points of the alleged agreement, which is to be carried out under the care of the new Soviet Consul at Kalgan, Mr. Demensheff, who is concurrently on the Committee of Roads. The Nanking government is alleged to have agreed to allow Soviet Russia to open an office and appoint a committee in charge of communications at Pingchichuang; the Nanking government grants the Soviets rights regarding building of motor roads from Uralhota to Charhar and Suiyuan provinces, and from Pangpei to Fulotu via Tehaishan in the east to be extended in the future up to Uchimuzinki. For the time being 80 motor cars and four armored cars, are to be used for communications on these roads. A large radio station is to be established at Ute in order to exchange communications with the various districts in China and Inner and Outer Mongolia. The Nanking government, when this agreement was signed, is alleged to have issued the instructions to the provincial governments of Chahar and Suiyuan to given protection to Soviet officials and citizens at Kalgan and also those who are travelling between Urga and Kalgan.

A *Tass* message from Moscow May 19 said the report circulated by the Japanese *Kokutsu* News Agency, alleging that the commander of the Special Far-Eastern Red Army, Blucher, has been recalled to Moscow, and that he is striving for war between the Soviet Union and Japan and participated in a certain plot, as well as the report that Blucher is being replaced by Egorov, represent slanderous and provocational fiction, absolutely unfounded.

Soviets Discover Oil Beds on Shores of Lake Baikal

Extensive oil beds have been discovered on the northeastern shore of Lake Baikal (Siberia) by Professor Byabukhin. Two pits revealed oil, at a depth of 95 meters. Prospecting work is continuing.

The Socony-Vacuum Oil Corporation has contracted with the Soviets for the purchase of 500,000 barrels of oil products for distribution in the Near East.

The construction is nearing completion of the Stalin Metallurgical Works in the center of the Kuznetsk Coal Basin. The plant will turn out yearly 1,2000,000 tons of cast-iron and 1,450,000 tons of steel. Already 3 blast-furnaces, 8 Martin furnaces, a large bloom mill and a rolling mill are operating.

The leader of the Soviet *Cheliuskin* Arctic expedition, Prof. Schmidt, was received by President Roosevelt in Wasbington May 20.

The Soviet Chamber of Commerce has received an invitation to participate in the World Exhibition of Culture and Progress which is to reopen in the middle of this year in Chicago.

Gold-mining is developing at the foot of the Caucasian Mountain Range, in the valleys of Kuban, White and Laba Rivers. Nugget, and placer gold have been found in many places in the mountains.

A Criticism of the Chinese Press from Withim

Discussing the press in China on the occasion of the visit to Shanghai of representatives of fifteen Chinese newspapers in Canton, the *China Times* commented:

"How did China come to her present impasse? Externally, foreign aggressions are to blame, while internally both the government and the people must share the responsibility, the former for their maladministration and the latter because of their backwardness and indolence. Therefore, in spite of forty years' attempt at reform and modernization, political, military and educational conditions are as bad as ever. In regard to this it is hard to put the responsibility on any individuals. The most urgent duty of the press in China is to foster national consciousness, to keep a watch over political developments and to enlighten and guide the public. That none of these functions has been satisfactorily fulfilled is perhaps best realized by Chinese newspapermen themselves. It is not that they have not made any effort, but because of the lack of collaboration amongst them. We do not wish to suggest that a foolish attempt should be made to cast newspaper opinion out of the same mould, but there are certain fundamental principles which should be accepted by newspapers throughout China whatever may be their outlook on political and social questions. First, from a national viewpoint a unified China stands above everything else in importance. Secondly, unification calls for the termination of the state of semi-independence in any part of the country. Thirdly, all political differences should be fought out in the open and by means of legal procedure. Fourthly, all obstructions to the enhancement of our national strength should be removed. Fifthy and lastly, public opinion should absolutely deny the existence of any just ground for those working towards the disintegration of China."

Scenes for "The Good Earth" Filmed in Shantung

Recent Chinese telegraphic advices from Tsinan stated that the China staff of the American film company, the Metro-Goldwyn-Mayer Corporation, had arrived there from Nanking for the purpose of "shooting" some exterior scenes for the film version of Mrs. Pearl Buck's celebrated novel "The Good Earth." Among the scenes taken in Tsinan was one depicting the resistance of Chinese soldiers against the Japanese, in which the crack soldiers of General Han Fu-chu, chairman of the Shantung provincial government, were employed.

Why the Japanese Will Be Disappointed in the Proposed Economic "Bloc" in Manchuria

(By the Review's Harbin Correspondent)

IF there is any idea that has been abandoned entirely by those who are connected with our official circles it is certainly the idea of converting this country into a "virtual Paradise on earth." As one will remember, soon after the inception of the new regime, we were led to believe that we were on the road to happiness, prosperity, and goodwill, in short, to a perfect "Wang Tao." Now, however, the idea seems to have been dropped, even by its foremost enthusiasts. Everyone seems to realize that, there, in the path of Japan in Manchuria, lie hidden enormous obstacles, the removal of which is thought by many to be out of question.

What amazes the observer here is the fact that the champions of Manchurian invasion seem to have started in without any definite plan as to their future activities in the newly conquered land. This seems to be especially evident in the field of economics, in which respect the idea of a Japan-Manchukuo economic bloc appears to be the product of the moment, evolved in the process of making Manchuria part and parcel of Japan. Two precious years have been spent in useless bickering between the military and civilian leaders of the Japanese Government as to which faction—the military or civilian—should be the guiding spirit of the Manchukuo-Japan economic bloc. For two years they have been at loggerheads, each one trying to seize the control of the S.M.R., which has always been a major prize for the party in control of Japanese politics. But since the Manchurian crisis, the railway, with its vast resources, has slipped into the laps of the military circles, which have ever since been trying to perpetuate their position as the dictator of the railway affairs. Only now, after the lapse of two years, both the parties seem to have come to a sort of agreement and evolved something resembling a plan with regard to the proposed Japan-Manchukuo economic bloc.

According to what has been reported in the press, the "bloc" plan, finally agreed upon between the War Office, representing the military circles, and the Overseas Office, representing the civilian circles, stipulates—(1) that the S.M.R. will continue to act along the lines it has been working heretofore, that is, without any attempt to convert it into a holding company under the guidance of the Commander-in-Chief of the Kwantung Army, as it was insisted upon by the military circles; (2) that its affairs will be run by a control committee within the Kwantung Government, said committee to be subordinate to the Overseas Ministry, and (3) that the S.M.R., as the main spearhead of Japanese economic and political penetration into Manchuria, should continue to encourage such enterprises which are likely to promote the mutual interests and benefits of Japan and Manchukuo.

War Office and Overseas Office Come to an Agreement

It appears now that they have come, at last, to a sort of agreement as to who will be in charge of directing the Japanese activities towards the exploitation of Manchurian resources, but the press report still does not say anything about the plan itself, which will probably be worked out by the control committee to be instituted soon within Kwantung Government. Considering the importance attached to the question, and also the great publicity around it, it is almost unbelievable that the "bloc" plan is still hanging in the air, without being put down in black and white. Herein lies the difference between the Japanese "economic bloc" plan on the one side, and the Soviet Five Year Plan and the "New Deal" of the Americans on the other. Said two nations have worked out their respective schemes of "planned" economy in a business-like manner, whilst the Japanese are still "oiling" it with "lip service."

From what it is buzzed about, the Japan-Manchukuo economic bloc means the attainment of such conditions in economic relations between the two countries, when they will become, in due course of time, one economic body, self sufficient in itself, and independent of foreign countries. If the definition is correct then there is a certain similarity between the objects of the "bloc" plan and the Soviet Five Year Plan, by which the latter country is reported to be striving to put itself on a self-supporting basis. The idea of the "bloc" is, therefore, quite natural, and, under the circumstances, might have occurred to anyone, but there seem to be a number of inherent obstacles which are likely to frustrate the attainment of the objects put in the "bloc" scheme. Even it occurs to me that, had the promoters of the Manchurian invasion taken all these obstacles into account before launching their adventure, they would not have attempted it at all. Now let us see what these obstacles are like—as to frustrate the smooth running of the "mighty" economic "bloc" between Japan and Manchukuo.

An examination of Japan's foreign trade figures reveals that raw cotton and wool, iron and steel, lumber, beans and cakes, wheat, coal, ammonium sulphate, sugar and rubber, constitute by far the greatest part of her imports. Now, let us see to what extent she may expect that Manchukuo will be supplying her with these commodities. If this can be attained then we may safely say that the "bloc" scheme is a wholesome one and contains the solution of the multi-sided economic problems of Japan (the quoted figures are mostly taken from the *Present Day Japan*, 1931, and the *Japanese Empire*, 1932, which are Japanese publications—lest readers should suspect me of undue bias against the Islanders) :—

(1) *Cotton.*—This product plays the most important part in Japanese industrial life, and constitutes the basis of their national economy, but has to be imported from abroad. The annual consumption of cotton by Japanese cotton mills comes, roughly, to 600,000 tons, of which 90% is imported from the United States and India, and 10% from China and Korea. Manchuria and Korea, approximately, produce 13,000 tons and 7,500 tons, respectively, in a year. Now, the question is, will the production of cotton in Manchuria ever reach the quantity required by the Japanese cotton mills? I think not—at least within the predictable future, because, in the first place, the present Manchurian cotton is unsuitable, by its quality, for the manufacture of cotton cloth, and is used, in fact, only for the manufacture of blankets and other coarse stuffs (see the article by H. Sakai in *Sintesi*, November, 1933). In view of this, rather discouraging, situation, the promoters of the "bloc" will have to transplant American cotton on Manchurian soil and wait for the results—a task, which requires, besides the time element, plenty of money and labor. Last year, there were sown to cotton in Mukden Province, considered to be the best suited for this crop, 75,000 acres, roughly. Now, if we shall take the per acre yield of raw cotton to be 900 kgr., with the yield of 300 kgr. of pure stuff, then, in order to obtain 600,000 tons of pure cotton, required at present by Japanese industry, the "bloc" will have to sow 2,000,000 acres of land in Manchuria to cotton, whilst the land, available for cotton cultivation, is estimated to reach only 750,000 acres, at most. If, by chance, the area sown to this crop will reach such a figure, it will mean, the weather and other conditions permitting, a yield of 225,000 tons of pure cotton, which represents only a third of the present total consumption of cotton by Japanese industry. Even the attainment of this should be hailed as a big success, but before reaching it the "bloc" will have to import American cotton, spread it among the illiterate, pauperized, peasantry, and create a series of conditions which would stimulate them to sow cotton with enthusiasm on an industrial basis, all of which takes time, money, and labor. So, there seems to be no reason to be over-enthusiastic about this item, so important for Japanese national economy.

Only Seven Percent of Wool Comes from Manchuria

(2) *Wool.*—Just the same situation we meet with regard to sheep's wool, which comes next to cotton in importance for Japanese industry. The annual consumption of raw wool and yarn by Japanese industry is estimated at 55,000 tons, all of which, with the exception of 40-50 tons, representing Japan's own production, is imported from abroad (Australia). Manchuria produces about 4,000 tons, annually, of coarse wool, suitable for the manufacture of rugs and carpets (see the article by I. Hisinumo in the *M. D. News*, March 16, 1933), which represents only 7% of all wool of this quality required by Japanese industry. The present quality of Manchurian and Mongolian sheep wool is so bad as to make it unsuitable for the manufacture of woolens and worsteds, hence, in order to perfect it, the sheep itself will have to be changed at least into half-merino, which may be attained only through scientific cross-breeding of the local sheep with the imported merino, a task requiring such an amount of time, money, and labor, as to discourage any attempt.

(3) *Iron and Steel.*—Japan's annual requirement of iron ore comes to 2,500,000 tons, out of which in 1931 she smelted 1,150,000 tons of pig iron. Her own production of iron ore amounts to 250,000 tons, which, together with Korea's 200,000 tons, makes 450,000 tons. Hence she has to import, roughly, well over 2,000,000 tons of iron ore, annually, which she obtains mostly from China and the South Seas. The two most advertised iron works in Manchuria, of Anshan and Penchihu, yield only 850,000 tons of iron ore, annually, out of which it is possible to smelt, through complicated and commercially unsound processes, only 60-70,000 tons of pig iron, and which—as is easily seen—falls hopelessly short of the required amount of 1,150,000 tons of pig iron. And there is no hope for the immediate substantial increase of this output, either. The iron ore resources of Japan,

Korea, and Manchuria are computed to be well over her present requirements, but the poor metal yielding quality of it (it has 30-40% of iron only) makes the exploitation of those resources commercially inadvisable, so it is well to surmise that Japan will for long be dependent upon the foreign supplies of this product. What is true of iron is true of steel, too, so we may omit to discuss this item.

(4) *Lumber.*—Japan annually imports approximately 57% of her entire lumber requirement, the rest being turned out by her own resources. According to the *Japanese Empire*, 1932, Manchuria exports only 2% of her entire demand, but considering the vast, almost unlimited, timber resources of Manchuria, it is well to surmise that the "bloc's" object can be attained in some near future. However, one should take into account the strong objection of the home lumber interests against the unlimited importation of this item, which will have to be overcome in one way or another.

Manchuria Supplies No Wheat to Japan

(5) *Soya Beans.*—Japan annually requires approximately 500,000 tons of this product, half of which goes for the oil extraction, the other half being used as fertilizer. Since Manchuria is so far a sole producer of this cereal, and dominates the world bean market, it is well to surmise that the "bloc's" aim may be reached easily despite the stern opposition of rape-growers at home. As regards the bean cake, used as fertilizer, I do not think that it will be able to replace chemical fertilizers, hence it is extremely doubtful that, under ordinary conditions, the object of the "bloc" may be attained in this item.

(6) *Wheat.*—Japan's annual consumption of wheat comes to 1,000,000 tons, of which 40% is imported from abroad. Because of steady growth of the population, this figure is reported to be almost stationary (see the quoted article by I. Hisinumo). It is true that Manchuria grows wheat too, but the annual crop of same is so small that Manchuria has to import herself to meet her own demand, and considering the steady growth of her population, it is not thought that she will be able to export it to Japan or anywhere else.

(7) *Coal.*—Japan's coal resources are computed to reach the figure of 10 billion tons, out of which 4 billion tons are said to be within easy reach. This makes her, if need be, self-supporting, but she utterly lacks facilities for coke, required for smelting iron, nor has Manchuria, so, while being self-supporting in ordinary coal, she will be relying upon the foreign countries for her coke.

The enumeration of these *basic* products, upon the supply of which the promoters of a Japan-Manchukuo economic bloc seem to pin great hope, shows us that, in most cases, the attainment of the objects of the "bloc" is a matter of guess-work, unsubstantiated by facts. We have seen that Manchuria is, in fact, a poor supplier of the basic commodities required by Japanese industry, and there, naturally, rises a question that, being a poor supplier, perhaps, she is a good buyer. Let us see.

Before attempting to answer this question, we must take into account the whole structure of Japanese industry, hence her entire national economy, which is based on turning out semi-luxurious articles, as cotton, woolen, and rubber goods, toys, pottery, and so on. And it would not be a mistake to say that, figuratively speaking, Japan buys somebody's raw material, as cotton, wool, rubber, etc., turns it out into the finished goods, and sells it to somebody else, mostly, to the Chinese, as their closest and most backward people. Hence she is placed in a peculiarly dangerous position, for, in case of her failing, by some reason, to obtain raw materials sorely needed by her own industry, or if China stops to buy her finished, followed by America to buy her raw silk, her entire national goods economy will be upset irreparably, bringing forth political and financial disaster.

Since Japan's well-being depends, at least, upon the goodwill of both the sellers and the buyers, there seems to be no special reason for her to assume airs and challenge the entire world by a series of blunders; she should, so says common sense, seek the friendship of all with whom she deals, but her present day leaders think otherwise, and virtually drag her to a conflict with all her neighbors, collectively and individually,—so to speak,—and the outcome of which portends nothing but disaster for her. If the Japanese citizen happens to have such opinion, he is called a radical, and finds himself locked up securely in prison for "thought" offence. A more lamentable situation one could not imagine.

Manchuria Not a Good Market

Considerations of space do not permit me to dwell more fully on the question whether Manchuria is really a good market for Japanese goods, as she is hailed to be. The high hopes, in this regard, seem to be greatly exaggerated, for the peasantry, constituting 90% of the now famous "thirty million" population of Manchuria, leads a niggardly life, a life a little better than that of an Australian bushman, and, consequently, he cannot be a buyer of semi-luxurious goods. He confines his purchases to bare necessities of life, and there is no reason whatsoever to think that, with his becoming Pu Yi's "subject," he will become richer and indulge in buying luxuries.

The boon in the sale of Japanese goods, now to be witnessed in Manchuria, is entirely artificial, and must necessarily be short-lived. In fact, it is created by an unwholesome demand from the Japanese troops, unproductive construction activities at Changchun and elsewhere, lifting the customs barriers, etc., and there are already sufficient signs of the inevitable plethora of Japanese goods, for which they will not find a market here. And this condition will continue so long as the buying power of the peasantry remains so low as at present.

Lastly, there remains to be considered the question whether Manchuria can be a good outlet for Japanese surplus population. This subject has been treated by so many writers that there, in fact, is nothing new to say, but to reiterate the old saying that the Japanese farmer cannot compete with the Chinese farmer on Manchurian soil. Hence, in order to place him there, the Government will have to provide him not only with costly inventory, seeds, dwelling, etc., but also with a lot several times bigger than that of his Chinese neighbor. All this might be attainable were they to deal with only thousands, but the Japanese enthusiasts speak in terms of hundreds of thousands of immigrants, which inovlves the questions of financing and the painless solving of the agrarian problem in Manchuria, a series of questions defying satisfactory solution under the present financial conditions of Japan. Thus, there seems to be no reason to expect the wholesale exodus of Japanese from their islands to Manchuria; this movement will be very slow, slower than the natural infiltration of Chinese from China Proper into Manchuria (the subject of Manchuria as an outlet for Japanese emigration was dealt with more fully by Ben Dorfman in his article in *The Review* for October 7, 1933).

From the foregoing it would appear that the creation of a Japan-Manchukuo economic bloc will in no wise solve the difficulties confronting Japan, but will, on the contrary, tend to make them still more complicated. We have seen that only in a few basic necessities of life the bloc is likely to produce satisfactory results, and in this respect the following table seems to give a clearer idea as to what may be expected from the bloc (within the next 10-20 years);

RESULTS

Negative	*Positive*
Cotton	Soya Beans (not cakes)
Wool	Lumber
Iron and Steel	Ordinary Coal
Wheat	
Coke	
Manchuria as a market	
Manchuria as an emigration outlet.	

Harbin, May 19, 1934.

How to Check the Honesty of Government Officials

Editor, *China Weekly Review*:—

The writer remembers having read a newspaper report published several months ago to the effect that an order had been promulgated either by the Central Government or a certain provincial government requiring every new employee to declare under oath the amount and the description of his wealth at the time he enters the government service, the purpose being to determine on the date of his separation whether his wealth had not unreasonably increased. At about the same time that the above report was published, it became known that the Cantonese Government had passed a law providing for the penalty of death upon any government official, high or low, convicted of taking a bribe. The necessity for the two measures cited above is too apparent to require any discussion. In respect to the first measure, it is believed that it should be applied not only to new officials and employees but also to those already in the service, whether holding the humble position of messenger or the highest post of minister.

To put the first measure into effect and in order to improve the service, the Central Government should appoint a Central Investigating Committee for the Centrel Government and one investigating committee in each province. The members of the committees should be men of proven honesty and sterling character, and must be independent of politics. The provincial investigating committees should be appointed by and be responsible to the central investigating committee, whose headquarters should be in the capital of the Central Goverement. It should be the duty of these committees not only to keep record of the different affidavits of employees as required but also to check from time to time on the wealth of every official and employee regardless of the position held, paying particular attention to their habits and ways of living. Where an official or employee is found to have mysteriously grown wealthy or his conduct or habits are considered detrimental to the future welfare of the government service to which he belongs, it is the duty of the committee to dismiss him immediately and to accuse him before a court of justice if such an action is warranted by the facts of his case.

If there is any advice that might be found helpful by the committees, it is that they should be impartial in their decisions and apply all the laws and regulations to all parties concerned irrespective of nationality so long as they are paid by the Chinese Government.

A.D.L.

Shanghai, May 19, 1934

CHINESE RAILWAYS

SHANGHAI-PEIPING THROUGH EXPRESS.
(Connected with N.S.L. Nos. 301 & 302)

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
20.45	21.25	PUKOW	1.20	1.40
16.54	16.57	LINHUAIKWAN	5.40	5.43
16.04	16.19	PENGPU	6.19	6.34
13.52	13.57	NANHSUCHOW	8.45	8.50
11.50	12.05	HSUCHOWFU	10.50	11.10
10.02	10.17	LINCHENG	13.00	13.15
9.13	9.16	TENGHSIEN	14.06	14.09
7.40	7.55	YENCHOWFU	15.36	15.56
7.15	7.18	CHUFOU	16.21	16.24
5.34	5.42	TAIANFU	18.05	18.20
3.25	3.45	TSINANFU	20.12	20.42
2.03	2.13	YUCHENGHSIEN	22.05	22.15
0.24	0.39	TECHOW	23.55	0.25
22.37	22.47	POTOUCHEN	2.12	2.22
21.36	21.46	TSANCHOW	3.16	3.29
18.30	18.40	TIENTSIN (C)	6.40	7.00
17.59	18.20	TIENTSIN (E)	7.10	7.35
—	15.05	PEIPING	10.29	—

PEIPING-HANKOW RAILWAY.

14.05	PEIPING	22.00
13.27	CHANGSINTIEN	22.48
9.54	PAOTUNG	2.23
5.50	SHIHCHIACHWANG	6.28
2.19	SHUNTEH	10.01
19.27	SINSIANG	16.45
16.43	CHENGCHOW	19.26
13.59	HSUCHOW	22.08
12.16	YENCHENG	23.51
9.58	CHUMATIEN	2.34
6.10	SINYANG	6.01
3.36	KWANGSHUI	8.36
22.45	KIANG AN	13.15
22.30	HANKOW (Tachimen)	13.25

PEIPING-SUIYUAN RAILWAY.

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
9.30	—	HSICHIMEN	—	16.48
8.06	8.16	NANKOW	18.07	18.17
—	—	CHINGLUNG-CHIAO	—	—
1.52	2.07	KALGAN	0.30	0.45
19.34	19.49	TATUNG	7.01	7.21
15.48	16.03	PINGTICHUEN	11.04	11.19
10.56	11.16	SUIYUAN	15.42	16.02
—	7.00	PAOTAO	19.58	—

LUNGHAI RAILWAY.

5.15	—	HSUCHOWFU	—	21.10
0.57	1.17	SHANKIUHSIEN	1.16	1.56
20.47	21.07	KAIFENG	6.20	7.00
18.40	19.00	CHENGCHOW	8.49	9.09
14.45	15.10	LOYANG E.	12.53	13.23
9.30	9.55	SHANCHOW	13.30	13.55
—	6.10	TUNGKWAN	22.15	—

KIAOTSI RAILWAY.

7.35	—	TSINGTAO	—	21.00
5.48	5.50	KIAOCHOW	22.46	22.48
5.06	5.16	KAOMI	23.19	23.30
3.26	3.41	FENGTZU	1.01	1.16
3.03	3.05	WEIHSIEN	1.36	1.39
1.36	1.38	TSINGCHOW	2.55	2.57
28.59	0.01	CHOUTSUN	4.32	4.35
—	22.00	TSINANFU	6.30	—

CHENGTAI RAILWAY.

19.42	—	SHIHCHIACHWANG	—	7.58
18.14	18.16	TSINGCHINGHSIEN	9.27	9.29
16.00	16.15	YANGCHUAN	11.47	12.01
14.48	14.50	SHOUYANGHSIEN	13.50	13.52
12.40	12.49	YUCHIHSIEN	15.25	15.35
—	12.08	TAIYUANFU	16.07	—

SHANGHAI-HANGCHOW-NINGPO RAILWAY.

STATIONS UP.		Zku-Nkg Express R. Through	Express R.	STATIONS DOWN.		Express R.	Nkg-Zku Through Express R.
ZAHKOU	d.	7.45	17.30	SHANGHAI, N.	d.	7.50	15.00
HANGCHOW	d.	8.15	17.55	JESSFIELD	d.	8.07	15.17
CHANGAN	d.	9.06	18.53	SICCAWEI	d.	—	—
YEHZAH	d.	—	19.25	SHANGHAI, S.	d.	7.55	—
KASHING	d.	10.17	20.05	SUNGKIANG	d.	9.05	16.05
KASHAI	d.	—	20.31	FUNGCHING	d.	—	—
FUNGCHING	d.	—	—	KASHAI	d.	9.51	—
SUNGKIANG	d.	11.25	21.20	KASHING	d.	10.25	17.20
SHANGHAI, S.	a.	—	22.25	YEHZAH	d.	11.01	—
SICCAWEI	d.	—	—	CHANGAN	d.	11.34	18.25
JESSFIELD	d.	12.11	22.16	HANGCHOW	d.	12.31	19.20
SHANGHAI, N.	a.	12.25	22.30	ZAHKOU	a.	12.50	19.35

NANKING-SHANGHAI LINE.

STATIONS UP		Express R.	Thro. Exp. Zku-Nkg R.	S'hai-Peiping Thro. Exp. (No. 302) R.S.	Night Express R. S.	STATIONS DOWN		Thro. Exp. R. Nkg-Zku	Express R.	Night Express R. S.	Peiping-S'hai Thro. Exp. (No. 301) R.S.
SHANGHAI, N.	d.	8.00	13.00	16.05	23.00	NANKING	d.	8.00	17.00	23.00	24.00
NANSIANG	d.	—	—	—	23.33	CHINKIANG	d.	9.25	18.25	1.00	1.54
KUNSHAN	d.	9.05	14.15	—	—	TANYANG	d.	10.07	19.05	1.52	2.43
SOOCHOW	d.	9.50	15.00	18.04	1.13	CHANGCHOW	d.	11.01	20.00	3.05	3.51
WUSIH	d.	10.41	15.51	18.55	2.18	WUSIH	d.	11.52	20.55	4.07	4.48
CHANGCHOW	d.	11.45	16.45	19.53	3.13	SOOCHOW	d.	12.47	21.50	5.13	5.52
TANYANG	d.	12.33	17.36	20.48	4.23	KUNSHAN	d.	13.26	—	—	—
CHINKIANG	d.	13.16	18.20	21.34	5.14	NANSIANG	d.	—	—	6.54	—
NANKING	a.	14.30	19.35	22.55	7.00	SHANGHAI, N.	a.	14.25	23.30	7.20	7.55

NOTICE

1. Children under four years of age are carried free, children under twelve but above four years of age at half fares and children of twelve years of age and over must pay full fares.
2. For Local and Through Traffic, the following free baggage allowances will be granted to each passenger:—

1st class passenger	80 kilogrammes (142 catties)
2nd class passenger	60 Kilogrammes (100.5 catties)
3rd class passenger	40 Kilogrammes (67 catties)

Half of these quantities will be allowed on each child's half ticket of each class respectively.

3. Any weight of baggage in excess of the free allowance will be charged at the rate for the minimum quantity of 20 kilogrammes (33.5 catties) of $0.002 per kilometre per unit of 20 kilogrammes.
4. In case of any holder of Local or Through ticket who abandons his journey en route and desires a refund on the unused portion of his ticket he must apply in person, and produce his ticket for endorsement to the Station Master where the journey is abandoned. Application for refunds must be made as soon as possible after endorsement and must in any case be made within TEN DAYS of the date of expiry of the availability of the ticket which has been endorsed.

Modernists and Anti-Modernists in China

BY B. Y. LEE (李炳郁)

SINCE China has come into contact with western nations, particularly since the past decade, the people accept western ideas, cultures, customs, thoughts, habits, social usages, etc. at their par value without scrutinizing whether they have good or bad effect upon the Chinese nation as a whole. The words "foreign" and "modern" are synonymous to them. Anything foreign is modern, whether it be a social usage or a style of dress. These foreign elements have filtered into the minds of the mass, especially into those of the youthful and the ignorant. The word "modern" has been very popular and used extensively and indiscriminately by stores and factories to advertise their wares, by young women and young men to show their refinement and culture, and by students to boast their achievement in literary pursuits, by politicians to exalt their social standing. Many years ago the word "foreign" was used extensively, and stores now-a-day adopt the word "modern" before the name of articles, particularly those for women. Hence modern tailorshops, modern beauty parlors, modern hotels, modern wives, modern tea, modern bread, modern wine, modern doctors, modern rice, modern peanuts, and even modern railroad tickets.

The law of action and reaction is now at work. Many people have become drunk with the spirit of modernism, and at the same time many thinking men are getting tired of some meaningless foreign elements, which may cause more harm than good to the future of the Chinese civilization. Hence the anti-modernist movement has started and has now spread all over the principal cities of China, such as Hankow, Canton, Tientsin, Peiping, Shanghai, etc., where the prevalence of modernism is active and strong. Incidents in which "modern" women are being molested come from said cities. The work of the anti-modernists consists in throwing acids, particularly nitric acid at the clothes of fashionably dressed men and women, the material of whose clothes are of foreign origin and the style of which is most up-to-date. The gangsters made good their escape before the victims succeeded in securing police assistance, owing to the fact that the acid throwers always operate in crowded places, such as in theaters, movies, and public squares when parades or mass meetings are held. It is extremely difficult for the police to make any arrests. Many shops have removed the word "modern" from their sign-boards for fear they may draw the attention of the anti-modernists and become victims of their atrocities.

The Bob-Hair Fever

Several years ago the opening up of modern hair-dressing saloons spread all over the country, particularly in metropolitan cities, such as Shanghai, Peiping, etc. like wild fire, as the result of the bob-hair fever. Since then the modern hair-dressing saloon business in Shanghai is exceptionally prosperous, and the number is estimated to have reached more than three hundred. Provincial authorities during the past years have tried various means to prohibit bob-hair females appearing in streets and public places, but all the efforts thus spent have proved to be in vain. The bob-hair fever is now stronger than ever before. The Government officials who draft the proclamations, prohibiting the females from adopting this form of modernism, confront their daughters or concubines with bob-hair. The Chinese barbers were formerly considered a menial class in society; now the "modern" barbers, wearing foreign style clothes, show a modern air, and they may be easily taken for college students. Many of them impersonate themselves as sons of wealthy parents and marry the "society" girls who love the "modern" men at sight. The modern females spend considerable time, perhaps they go several times a week, to beauty parlors, where they make up their "modern" appearance.

Bare feminine legs and bare feminine arms are too common to require any special attention, they are seen almost everywhere. In most schools stockingless legs are prohibited, and only clothes made of native materials are allowed. Cosmetics and perfumery are considered as daily necessaries among the modern females. Since the past decade the cosmetics industry is very prosperous, and the imports of toilet articles have increased manifold. It is said that it costs much more for one to keep a modern wife in China than to maintain the same type in America. The modern woman cares very little how money is earned or how children are reared. When a child is born she employs a nurse to take care of it and hence her duty is ended. She may hire a nurse for each child born. A modern woman in Shanghai employs five nurses for her five children, but lives in a two-roomed house. She may be able to write Chinese verses well, but when her child gets measles she has to consult with an old lady or calls for a doctor. Once a college man and his modern wife went stomachless after having discharged their maid-servant just before supper time. The modern woman either has no time or is ignorant of tailoring clothes for her children and herself, so whenever a piece of garment is to be made, the tailor is always at her command. She wants a modern style so the modern tailor charges her a modern price. Sometimes the cost of tailorship is twice as high as the cost of material going into making a piece of garment.

Many students in writing Chinese start from left to right and from top to bottom, as the English do, and they call it modern. Many modern Chinese textbooks are printed the characters in which are arranged so that when one reads them, one must read them as though one were reading English books. They are modern books, and the readers are modernly educated persons. The modern Chinese is written with the pen but not with the brush which was formerly used. The pen is much stronger than the brush so that the thin paper, which is customarily used for writing Chinese charaters, is inefficient and a modern type of paper must be utilized instead. To the minds of young students, things foreign are modern and things Chinese are looked upon with disgust. The modern student wears modern clothes, made of foreign materials, and tailored by modern tailorshops. The modern school must have some modern co-eds. The modern student must marry a modern girl, and should be parents engage a girl for him, he either runs away from home, or commits suicide in a modern hotel. Whenever a modern young man commits suicide he invariably choses a modern hotel for his earthly resting place. Many a young man knocks himself off because he is disappointed by a modern girl with whom he falls in love. Two weeks ago a son of a local millionarie Chinese committed suicide and shot a modern girl who refused to marry him.

Young people, especially the half-baked students, "society" women, and host of shop-keepers, movie actors and actresses, officials, etc. call themselves modern folks. Recently, barbers, tramcar inspectors, conductors, canvassers, second-hand dealers, and even street hawkers have begin to put on foreign style clothes, and they also think themselves to be modern men. Just think! There are modern kidnappers! Their object is to kidnap the rich only. They are modern Robin Hoods. In streets of metropolian cities it is difficult to judge by their clothes as to what class of people the pedestrians belong. A street hawker may put on a suit of foreign style clothes, while a well-known author or a college professor may wear an old Chinese gown made of native material, who may easily be taken for a low-brow. "Clothes do not make a man" is a universally accepted proverb. To his utmost surprise, an Englishman once riding in a train saw a Chinese, wearing a cheap gown made of native material reading a newspaper printed in English, and the observer was more surprised later to hear the old gentleman talk about world politics with him in perfect English. On a tomb cleaning day a man placed a few cups of wine and a few bowls of cooked rice in front of his father's tomb as offerings to the spirit of the dead, which is an old custom for the Chinese people to worship their ancestors. One of his "modern" friends came to him and said: "Why do you do this?" "Your father can not eat the rice or drink the wine?", and he continued "Look what I have done to my father's tomb; I put flowers there." Afterwards, the former said "There is nothing modern in what you have done; you know your deceased father cannot smell the flowers."

Two Dangerous Categories of People

The word "foreign" or "modern" is too deeply rooted in the minds of the young people, who can't see there are two sides to everything. Of course not all foreign elements or things modern are bad, or have evil effects upon the people. But the young minds can easily be influenced by modern evils or modern amusment houses such as modern dancing halls, cabarets, etc. where sinister crimes are committed and many a youth has been spiritually and morally ruined. It is self-evident that all the dancing halls, modern amusements and the like should be closed or strictly regulated. There are two really dangerous categories of people in China: the half-baked modern youths will sooner or later destroy half of Chinese civilization, and the hundred percent wrongly conceived modern ones will destroy the whole of Chinese civilization. The preservation of an ancient civilization requires men of a more or less original frame of mind, who are able to see clearly what China should accept from the West and what she should keep from what is handed down from our ancestors. But present society consists of young people with an artificial mentality: it empties one's brain and stuffs it with artificial ideas, ideals, the so-called western education, and training as well as fanciful whims.

The whole trouble with the young folks in China to-day is that the polluted society exists as it is and they think and act what it thinks and acts. The so-called modern folks don't take trouble to study and analyze the pros and cons of all things modern

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and ideas foreign. Thus they get one-sided education and thought. What tends to make life happier should be retained and what tends to make life miserable should be thrown overboard regardless of whether it is of Chinese origin or of foreign origin. The morality of the Chinese mass was far superior in the past, ane if we are "modernized" we are lost. We should not blame the West for introducing the spirit of modernism into China, but we should rather blame ourselves on account of our ignorance for not having digested what is good and not vomited out what is bad. Our constitution is not in proper working order. We cannot say that we are now modernized because we have railroads, steamships, large factories etc. whereas our forefathers didn't have. We have a host of other forms of luxuries. The life to the great majority of the so-called modernists is decidedly more miserable than the life of the past century. It is fairly agreed that the present phenomenon is due to the maladjustment of political, economic, social and cultural conceptions brought about by contact with a new civilization from the West. So far, the true teaching of Confucian morality and that of Christian spiritual salvation seem to have failed miserably to countermand the current of evil spirit of modernism which is being filtered into the young and unstable minds through the introduction of western education, and more directly by contact with foreign elements. If China is to be saved she must be saved through the proper selection of modern thoughts, ideas, cultures, and education and disregard the superficial knowledge things modern.

Shanghai, May 21, 1934.

Sir Frederick Maze Speaks in England on China's Progress

Sir Frederick Maze, Inspector-General of the Chinese Martitime Customs, arrived in Southampton on furlough May 21. In an interview by *Reuter*, Sir Frederick remarked on the great industrial developments in China. These, he said, were bound to have a far-reaching effect on international trade.

China Takes Over Great Northern Cable Line to Chefoo

The Shanghai-Chefoo-Taku cable which has been operated by the Great Northern and Eastern Extension Cable Companies during the last 30 odd years, formally passed into the hands of the Ministry of Communications on the night of May 19. The underground cable which used to connect the telegraphic depot at the North China ports and the head-office of the two foreign cable companies in Shanghai were severed and shifted to link the depot with the Chinese Government Telegraph Office at 70 Foochow Road, where all cablegrams for North China must be filed henceforth.

A *Kuo Min* telegram from Tientsin May 21 said that while the submarine cable line between Tientsin and Taku had been taken over formally by the Chinese telegraph authorities from the management of the Great Northern and Eastern Extension Telegraph Companies, the Tientsin-Chefoo line had not yet been taken over, the foreign management at Chefoo insisting on a month's postponement.

Project to Build New U. S. Consulate General in Shanghai Is Revived

Plans to go ahead with the building of a new American Consulate General in the vacant lot on Whangpoo Road, Shanghai, suspended for several years, are being revived principally owing to the fact that the lease of the present building occupied by the American authorities at the corner of Kiukiang and Kiangse Roads expires in September next year and it is considered likely that the present rental of U. S. $40,000 will then be increased. The American Chamber of Commerce has been notified that the State Department in Washington has suggested to the Congress Committee on Foreign Affairs that a Foreign Service Building be erected in Shanghai at a cost of U. S. $750,000. This intimation follows a recent agitation by prominent members of the American community to obtain quarters for the consulate more in keeping with the dignity of the country and more suitable for its needs.

Japan's Next Move

BY C. Y. W. MENG (孟 慶 澍)

ON April 17 the Tokyo Foreign Office threw a bombshell into the foreign capitals of the world by issuing the infamous" Hands-off Declaration" registering Japan's opposition to any assistance rendered or any co-operation which might be extended by the powers to China having in view the latter's material development. The Declaration aroused world-wide bitter feeling against Japan. First came the British "reminder"—the old ally of the Island Empire—, then the American, then the French. Tokyo was finally obliged to request the foreign powers to consider the Declaration as "officially non-existent." Needless for us to say that it convinces us that if the world public opinion could be mobilized, and more joint efforts taken in the interest of maintaining world peace we could make the "Bushido" Islanders to bow down before the right.

But if we would study the situation more carefully, we would come to the conclusion that the Tokyo Declaration, though "officially non-existent," still exists in fact. Both the Japanese army and naval high officials have expressed the "full support" to the Declaration. The Japanese replies to the British, American "reminders" are only beautifully and diplomatically worded by such terms as "the declaration was merely a reiteration of Japan's previous stated fundamental policy towards China" . . . . "Japan has no intention of invading Chinese territory . . . . . "—while the Japanese attitude remains the same. Seeing that the powers do not intend to incur the anger of the Island Empire and do not exert any efforts to save one of the most critical situations in history, of course they can easily be satisfied with any reply. In explaining the Delcaration to General Chiang Tso-ping, the Chinese minister to Tokyo, Mr. Hirota, the Tokyo foreign minister, still declared that ". . . . . the Japanese would nevertheless support its (Declaration) substance and its spirit." The Japanese residents in North China have also issued a declaration saying that "we, the Japanese residents in North China, are grateful to our Foreign Office for the Declaration, and we should support it and should do all we can for the materialization of the Declaration . . . . .". A small "clerk" in the Publicity Department of the Japanese consulate in Shanghai was also daring enough to speak out about the Japanese strong opposition against the Chinese policy of "utilizing one barbarian against the other barbarian," and adding that if any grave consequence resulted, "China would be held responsible," etc. So it is right for us to say that the situation is by no means abated, though the Declaration is made "officially non-existent," and that the Japanese opposition against international cooperation with China is just as strong as before. Further, we believe the Islanders are going to take more drastic action to enforce their opposition.

Hirota-Aryoshi Conference—Fresh Instructions to Aryoshi

Mr. Ariyoshi, the Japanese minister to China, was instructed to return to Tokyo to confer with Mr. Hirota on the Sino-Japanese crisis and on Japanese new policy towards China. Report has it that the Hirota-Ariyoshi Conference adopted the following principles:

1. If the unification and prosperity of China are achieved as a result of China's own efforts, Japan would not take any step to obstruct the progress.
2. If the unification of China is achieved through China's own efforts and financial plans, Japan would spare no efforts to offer assistance and would not take any step to obstruct any powers from offering assistance in their legitimate cooperation with China.
3. Any action which tends to further the internationalization of China would be strongly opposed by Japan.
4. Aside from promoting the Sino-Japanese moral diplomacy, Japan should take such steps to develop the Sino-Japanese means of communications, which would include air services, telephone, telegraph, serivces, etc.

According to the report, Mr. Ariyoshi, armed with fresh instructions, will soon arrive in China. Huang Fu, chairman of the Political Affairs Readjustment Committee, is waiting the Japanese minister in Shanghai to have some preliminary talks with him, before Mr. Huang is due to return to the North. The fresh instructions to Mr. Ariyoshi are somewhat along the following lines:—

1. To do whatever the Japanese can to call the attention of the Chinese to the peace in the Far East, and to demand the Chinese Government to open direct negotiations with Japan, but not to hesitate and wait and to see the attitude of the League of Natiosn or the American Government to decide their policy towards Japan. If the Chinese do not comply with the Japanese wishes, the Japanese would within a short time declare that China is not "sincere" and would take action in accordance with the "definite plans," so as to waken up China.
2. To exert every force to convince the Chinese about the territorial proximity and "special interest" between North China and Japan, and also about the Sino-Japanese economic relations. Such work should be started from the North. But at the same time, vigorous action should be taken to carry out the Japanese plans in the South and Yangtsze Valley to restore the prominent position of the Japanese trade in China's market.
3. To stick to the old resolution regarding the opening of through rail and postal service between China and Manchukuo. When the Japanese minister arrives in China, he should hasten the negotiations.

As the world-wide anti-Japanese feeling, as created by the infamous Declaration, is somewhat cooled down, and as the Japanese have discovered that there is not much unity among the powers, Japan deems it timely to go on with her action.

From the above, it is clear that Japan is strongly opposed to international co-operation with China; Japan is demanding direct negotiation with China, failing which, Japan would take all necessary actions "in accordance with definite plans."

Rajchman's Return to China Opposed

Tokyo has already expressed its opposition to the re-appointment of Dr. Rajchman as the technical liaison officer of the League of Nations with the National Economic Council of China. The Japanese officials recalled the charges of anti-Japanese political actions made against Dr. Rajchman at the time of the visit to the Far East of the Lytton Commission of Enquiry, and expressed their opinion that the Polish expert is not likely to return to China because such step "would lead to further minunderstandings between Japan and the Geneva organization."

As a way out, a compromise, which is already foreseen, may be sought. That is, Dr. Rajchman would maintain his post as liaison officer but would remain in Geneva, thus, it would automatically remove the cause of the Japanese complaints that have been made against him.

Some Chinese financial interests in Shanghai, headed by T. V. Soong, former Minister of Finance, are said to have organized a "China Development Finance Corporation" to gather small capitals and individual resources for good investment. But the Japanese have also expressed their opposition on the ground that it "amounts to international financial control of China," and demanded the right to participate in the undertaking. Another report has it that the Japanese financial interests are trying to organize a "similar banking corporation" in Shanghai.

According to the report, the orinigal Chinese plan was to permit no Japanese to participate in the undertaking, but only to welcome foreign capital, from other powers. But as result of conferences between the Japanese consul and the responsible official of the Corporation, there is a possibility that the Japanese interests would be allowed to participate, as others do. Dr. H. H. Kung, the Minister of Finance, is quoted to have said that the "status of the Corporation is commercial and foreign capital pledged in accordance with the regulations of the Corporation will be accepted." That is, so long as the foreign interests are willing to submit themselves to the Chinese laws, they could invest their capital in the Corporation.

Lease of Amoy for 99 Years Demanded

Another way of opposing any financial loans to China is to press the Nanking officials for the liquidation of Sino-Japanese outstanding debts. Report has it that Japan has notified Nanking that if the latter would not pay off the "Nishihara" loan, Japan would demand the lease of Amoy for 99 years in return. In the meantime, Japan would go on vigorously to promote the so-called Sino-Japanese economic relations.

Wang I-tang, generally known as a strong pro-Japanese Chinese, now adviser to General Huang Fu, is now very active in Tokyo. His activity is in connection with the discussion with the Japanese bankers regarding the reorganization and re-opening of "Chung Hwa Exchange Bank" (中華匯業銀行) in Tientsin which was closed down in 1931. It was further reported that the discussion had already come to some conclusion, relating to the settlement of Japanese debts due to the Bank, and the promotion of Sino-Japanese "friendship" the "economic development of North China," etc.

This is sufficient to show that Japan is taking every step to block Nanking-Geneva cooperation and that Japan is seeking participation in offering financial assistance to China. Japan has been quite successful so far.

Direct Negotiation—Shanhaikwan Secret Conference

There is no denial of the fact that direct negotiation has been going on between the Chinese and Japanese authorities over various issues, ranging from the very "old debt accounts" up to the situation in the North. Despite official denial, it is believed that through rail traffic and postal facilities in the North were discussed at the Sino-Japanese conference at Shanhaikwan. Yin Tung, managing director of Peking-Mukden Railway, who attended the Conference, is reported, would leave for Nanking and Shanghai to submit a report on the discussion to the Ministry of Railways and Huang Fu. Mr. Ota, representative of the South Manchurian Railway

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Company, who was present at the Conference, demanded the resumption of thorough rail traffic to the North by "June 1"—a week from now.

Another report, however, has it that both these problems were discussed but no decision was reached at the Peitaiho Conference. Accordance to the statement of Col. Shibayama of the Japanese Legation, three decisions were reached at the Peitaiho Conference, as follows :—

1. Organization of Peace Preservation Corps of 8,000 men which may enter the demilitarized zone, but carry no artillery and heavy or light machine guns, for the suppression of bandits.
2. Retrocession of Malanyu to the Chinese.
3. Withdrawal of the Manchukuo police from Kupeikow.

Further Invasion of North China

Japan has already made it clear that if Nanking does comply with the Tokyo wishes, the latter would act in accordance with a "definite plan." According to the Japanese plan the whole of North China would be divided into "four Districts," namely, First District which includes the Province of Suiyuan and Inner Mongolia; Second District, which includes the Provinces of Kansu, Ninghsia, Chinghai and Shansi. The Third District, which includes the Province of Sinkiang, and the Fourth District, which includes the Province of Hopei and Shensi.

Japan is to take vigorous military action in the First District, but less vigorous action in the Second District. In the latter, the Japanese chief object is to promote and agitate the formation of a "Modammedan Kingdom." As to the Third District, the Japanese would like to see the establishment of an "Eastern Turkish Kingdom." As to the fourth District, Japan prefers to suspend action "temporarily."

Japan's "Olive Branch"

During these eventful days of the Sino-Japanese crisis when the Sino-Japanese "feeling" and "freindship" are practically totally destroyed by the Japanese aggression, Japan suddently proposed to China to promote and exchange "ambassadors" instead of ministers "at an earliest possible date." Apparently, Tokyo's idea is only to "please China." But report has it that the request is conditioned upon the Chinese promise to suppress the anti-Japanese boycott. How would Nanking reply to such request, we do not know. It is sufficient to show that Japan, on one hand, is bringing strong pressure upon China to force China to comply with the Japanese "demands," but on the other, is offering many "inducements" to China.

Blockade of China's Sea-Ports Predicted

From the above, it is clear that Japanese policy in China may be summed up as follows :—

First : To oppose international co-operation with China.

Second : To demand the right to participate in any Sino-foreign enterprise.

Third : To demand direct negotiations with China for the settlement of Sino-Japansee outstanding problems.

Should China fail to comply with the Japanese demands, Japan has already notified Nanking that she intends to go on with her action in accordance with the definite plan which, as predicted by many observers, may embody the following steps :—

First : To present to China some expressed demands, far more harsh than the "21 demands," and to warn China to cease to have more contact with other foreign powers; and

Second : To declare a "blockade" of the sea-ports along the Chinese coast to prevent the importation of foreign ammunition, fighting and bombing planes, etc. to China.

At present, in Japanese circles, there is much talk about a Sino-American loan for the purchase of more planes from America for the National Government, and also for the development of air services in the Province of Fukien. Japan is paying a great attention to such reports and Japan's "next action" is essentially to prevent the materialization of such loans and to prevent the importation of more fighting weapons to China. Japan knows well that after the bandit-communist campaign, China is sure to prepare herself to meet the Japanese on the battle field, and China has now to buy huge amounts of ammunition, etc., from foreign countries. So, one of the most effective ways to paralyze the Chinese preparations for military action in future, and to prevent the Chinese to take up arms with Japan, and to block international cooperation with China is to enforce the blockade. This was predicted and "feared" by the Chinese officials before, but now as the situation is turning from bad to worse, there is greater possibility that Japan would take such action. Japan has decided to subdue China. Certainly, Japan would not allow China to be another "Belgium," which put up so stiff resistance against the German invasion. Will Nanking take notice of this in advance?

Nanking, May 20, 1934.

Busy Silk Centers Have Become Desolate Places

BY PAUL K. WHANG (汪 仲 芳)

THAT the decline of China's silk industry has had a great repercussion upon the national economics has been generally known, but the extent of such a repercussion can be hardly realized by those who are living far away from the cocoon-and silk-producing centers. Yes, we have been told that the farmers have been in a great distress resulting from the low prices offered for the cocoons; that the silkmen have gone into bankruptcy owing to the non-marketability of their products, and that hundred thousands of wage-earners have been thrown out of employment when nine out of ten silk filatures have been closed down indefinitely. But this general information can by no means enable us to visualize the evil consequences upon the economic and financial structure of those cities, the inhabitants of which have hitherto confined their activities to the cocoon and silk business. A recent report from Chenteh, Kwangtung, will give us some idea as to how a once prosperous district has been turned into a ruined city simply because of the depression of silk business.

Chenteh is the chief silk center of Kwangtung province, and its products have enjoyed an international fame. Its farmers have been engaged in no other agricultural pursuits but the cultivation of mulberry fields and the raising of silkworms; and its female inhabitants have been mostly employed in silk filatures. It has been generally said that there is no other district in Kwangtung, or possibly even in the whole of China, where the women can enjoy such an economic independence as the female inhabitants of Chenteh. This economic independence has been envied by women of other districts.

At the time when the silk business was prosperous, it had altogether 328 silk filatures in operation. A large quantity of raw silk was manufactured and sold to the exporting houses in Canton for exportation. Throughout the year, the average amount of money remitted from Canton to Chenteh for the payment of silk would amount to as much as $300,000 every day. Thus there were about ten million dollars freely circulated between Canton and Chenteh every month. Not only did the silkmen and silk merchants earn handsome profit, but the bankers in Canton, Chenteh and many other districts were very much benefitted by the free circulation of such a big amount of money in the market.

Many Silk Filatures Go to Wall

But since the silk slump, the silk filatures have gone to the wall one after another, and at present only eleven out of the total 328 are still in operation. Even these eleven filatures are not opened for the sake of doing business, but just for the purpose of finishing their stocks on hand. As soon as their stocks have been finished, they will likely be closed down too. According to a conservative estimate made by a silk expert, the losses to the silk filatures up to the present will aggregate more than $18,000,000. This huge financial loss has entailed an acute stringency in the money market, and about 70% of the native banks which hitherto lived on silk business have also become bankrupt. The financial and economic structure of a very prosperous district has been very much dislocated, and all other business activities have been stifled.

As a result, the farmers have to give up sericulture, when it has become no longer a profitable business undertaking. Formerly one picul of mulberry leaves was sold at six dollars and sometimes even as high as ten dollars, but now the same quantity of mulberry leaves can not bring to the farmers more than fifty or sixty cents. This low price is not even sufficient to pay the labor cost, not to mention the rent of land, tax and fertilizers. There are about 600,000 mow of mulberry fields in Chenteh. If each mow yields ten piculs of mulberry leaves, the losses to the farmers will be nothing less than $30,000,000.

In the good old days, there were more than 270,000 female workers working in the silk filatures. Because of the wholesale suspension of filatures, about 200,000 women have lost their employment, and have now flocked to cities to seek work. Thus within the short span of five years, a busy industrial center has been transformed into a desolate region as if by a touch of the magic wand. The chimneys stand still, belching forth no more smoke. The mulberry trees are left to wither with nobody to attend. There the women who were once proud of their economic independence, have to forsake their home to seek employment elsewhere.

What is true of Chenteh is also true of other districts. Recently the writer has received a letter from a friend who for the past ten years has been engaged in silk business in Chenching, Szechuen, informing me of the deplorable state of affairs prevailing there. Chenching is the most famous silk center of Szechuen province, and its silk is noted for its fine luster and fibre. In the past, Chenching silk was in great demand by the European silk manufacturers, and was principally manufactured for foreign exportation. But in the last two years, the foreign demand has practically fallen to nil, and heavy stocks have been accummulated in Shanghai. In face of the non-marketability of their products, the Chenching silkmen, just as the silkmen elsewhere, have to give up their business.

In his letter, my friend said, inter alia, "We do not know if we have any cocoon harvest this year, as the farmers are hesitant to raise silkworms, when the tone of the market is thus uncertain. A sense of uncertainty has prevailed among the farmers as well as the silkmen. The farmers refuse to take up sericulture, unless they can be guaranteed from the silkmen with a price high enough to cover the cost of production. We of course, can not be sure of what price we can secure for our silk. On the other hand, we can not help sympathizing with the hardship of our farmers, who for the past three years have consecutively sustained heavy losses."

"The farmers of Chenching formerly were in a much better living condition than those of other districts in Szechuen. But because of the depression of silk business, they are now worse off than others. They are living under starvation with no relief from any source. It is really a pity to see that these industrious people should be reduced to such a penurious state. Their meagre savings accumulated in the past many years have gone, and they are now literally waiting for death."

What was pictured in my friend's letter will enable us to realize the distress of many Szechuen farmers who have hitherto depended upon sericulture for making a living. As a matter of fact, we need not go so far as to Kwangtung or Szechuen to procure such information, and a trip to Wusih will be enough to make us understand the grave condition we are now in.

Wusih, the premier center of Central China, has more than forty silk filatures and about three hundred cocoon-buying stations. In the Spring time of bygone days all the farmers would temporarily forsake their agricultural pursuits and devote their time and energy to raising silkworms. With the approach of the cocoon season, Wusih would become a beehive of activities with silkmen and cocoon merchants pouring in from various parts of the country for the purpose of purchasing cocoons. Trainloads after trainloads of silver dollars would be shipped to Wusih for this purpose. For one month, the city was somewhat in holiday spirits, and every one was in a happy mood from the city magistrate down to the farmers.

Only Five Filatures Operating in Wusih

But this year, this famous city is virtually beshrouded with clothes of mourning. Out of forty silk filatures less than five are in operation. Of these numerous cocoon-buying stations, only a few of them are said to be scheduled to be opened for the coming cocoon season. The egg-sheets which were generally sold at $1.20 each in ordinary times, are quoted at as low as $0.70 each; but even at this low price the demand is very small. The farmers have been in the habit of converting the mulberry fields to some other agricultural purposes. If the losses to the farmers and silkmen can be put in black and white, the figures must be startling.

From the above three instances, we can easily deduce that the losses to China as a whole can be only measured by astronomical figures. Generally speaking, China has five silk producing regions, namely, Central China, Kwangtung, Szechuen, Shantung and Hupeh, and in these regions many prosperous cities were formerly located. But because of the decline of the silk industry, many of these prosperous cities have now become desolate places.

The government officials have been daily talking about the relief of our silk industry, but so far we have not yet seen any effective measures formulated to arrest its downfall. The situation has already been allowed to come to such a head, that no half-way or make-shift measures can be applied with successful results. The rehabilitation of our silk industry will not only boost up our export trade so as to offset part of our unfavorable trade balance, but will also relieve the present acute farming distress and give employment to hundreds of thousands of workers who are now facing starvation.

Shanghai, May 19, 1934

U.S. Marines and British Troops Honor Brig-General Bradman

Brigadier-General Frederic L. Bradmain, U. S. M. C. and Brigadier F. S. Thackerary, who is in command of the British forces in the Shanghai area, reviewed the American and British forces in Shanghai at the Race Course May 20. The first to march past were the members of the Worcestershire regiment. Next came some 1,700 members of the Fourth U.S. Marines Expeditionary Force. General Bradman sailed May 22 on the Dollar liner *President Coolidge* with Mrs. Bradman and their two children for the United States. He will resume his duties at San Diego, California, where he had been stationed for the past four years.

68-554

Victor Hoo Suggests Conference to Limit Growth of Opium Poppy

The convention of a conference to examine the possibility of limiting the growth of opium poppy and the growth and harvesting of coca leaf, was suggested at Geneva May 17 by Victor Hoo, the Chinese Minister to Switzerland, at a meeting of the League Opium Advisory Commission. The meeting decided to place this suggestion on the agenda of the next session of the League Council.

A circular accompanied by a questionnaire, addressed to China and the Powers with Concessions, Settlements and leased territories in China, was published May 17 by the League of Nations. The object of the circular and questionnaire, it is stated, is to facilitate the collaboration between the Chinese and foreign authorities in the matter of the drug traffic, especially in regard to foreign nations implicated in narcotic transactions in China.

A continued strenuous effort to stop the growth, sale and use of opium in Pochow, Anhuei province, is reported by the *N. C. D. News* correspondent in said city. If there is any poppy grown in that neighborhood it is hard to find. As an evidence that many want to break off the habit of its use, the mission hospitals have been, and are overrun with applicants to enter and get help in their efforts. The authorities keep checking carefully, even searching houses for the drug and its users also; a close watch is kept for the smuggling of it into Pochow.

Following up his recent order for drastic action to curb the drug traffic, General Chiang Kai-shek has issued a set of provisional regulations prohibiting traffic in or consumption of morphine, cocaine, heroin, and other forms of narcotics. The death penalty is to be given to all who manufacture, sell, transport, or otherwise deal in the contraband drugs, the regulations provide. The same penalty is to be meted out to any official found guilty of wilfully tolerating the sale or consumption of such drugs

A service to commemorate the prohibition of opium smoking is to be held in Canton on June 3. The Kwangtung Provincial government has ordered various pacification commissions to make preparations for the event.

Suggestions on How to Fight the Narcotic Evil

The Tientsin *Ta Kung Pao* comments:—"To attack the narcotic evil is like fighting a fire. If we want to prohibit the manufacture and sale of narcotics we must first suppress the producion of opium, which is the principal ingredient in the preparation of various narcotics. In the early years of the Republic practically all the drugs known as white and red pills were imported from abroad. It is true that to-day some of these are still imported, but a large quantity of them is manufactured by the Chinese themselves. In recent years a large amount of the opium produced in China has gone into the making of derivatives owing to the sharp fall in the price of native opium. This trade, indeed, is more profitable than the opium traffic. Under existing circumstances it is hardly possible for the Government to suppress the opium traffic at once, but the authorities should at least prohibit any further increase in the production of the drug."

Plans to Improve China's Tobacco Industry

Recommendations for the improvement of the native tobacco industry were submitted to the Internal Revenue Administration by Ting Ching-po, member of the Committee of the Shanghai Native Tobacco Merchants Association in a petition May 19. Mr. Ting attributes the depression in the native tobacco industry mainly to the inferiority of the native tobacco products and the methods of production, the high tariff walls established by Foreign Powers, and the occupation of the North-eastern provinces (Manchuria) by the Japanese military, who have imposed a heavy tax on the tobacco industry. Mr. Ting recommends that not only should the methols of production be improved, but the quality of the tobacco planted should also be taken into consideration. To improve the quality of native tobacco, American tobacco seeds should be purchased by the Government and distributed to the native tobacco planters for cultivation. Mr. Ting recommends that a factory for curing leaf tobacco should be established by joint private and Government capital. The factory may be capitalized at $300,000, part of which can be raised from the fund earmarked sometime ago by the Ministry of Finance for the rehabilitation of the native tobacco industry.

"Gift" banknotes concealed in occasional tins of cigarettes so as to attract more sales should be strictly prohibited, according to a circular order of the Ministry of Finance. Such malpractice by cigarrette factories, it is pointed out, constitutes a violation of the regulations and ordinances of the Ministry and should therefore be rigidly suppressed.

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68-555

Two Anti-Red Parleys Discuss Ho Lung's Depredations

(By the Review's Correspondent at Hankow)

RED Commander Ho Lung is still at large. Having captured the American missionary at Pengshui, in southeastern Szechwan province, and thus attained his immediate goal, he crossed the river and headed westward. Rev. Howard Smith is being held for a $100,000 ransom with some requisite medicines thrown in for good measure. His capture was on May 8. Although the Magistrate and family escaped, no warning was given the Smiths.

Mrs. Smith and Infant Son Released

Upon making his request to the Red Commander, Mr. Smith gained the release of his wife and child, it being arranged that one of Ho Lung's men should accompany her to Foochow on the Yangtsze. Although the Smiths report that they were treated courteously, all of their personal effects were whisked away by the "polite" soldiers under the Red chieftain. On the afternoon of the May 9 Mrs. Smith saw her husband and shook hands with him as Ho Lung's troops took him and left the city of Pengshui. She was then taken down river entrusted with the serious mission of rasiing the ransom money from the Christian and Missionary Alliance Mission or from the United States government, or any other source. The Red Chief made it perfectly plain that he was short of change.

Miss Helen Clark Safe at Pengshui

Returning from her itinerating in the district about Pengshui, Miss Helen Clark, of the Christian and Missionary Alliance Mission and co-worker of the Smiths was forewarned and did not enter the city of Pengshui until she had observed from her outlook post in a nearby mountain that Ho Lung and his men had left. She found the missionary house thoroughly looted, butl eft intact.

Wolf in Sheep's Clothing

It turns out that the man entrusted with the task of accompanying Mrs. Smith to the city of Foochow had been secretly working in the city of Pengshui for weeks prior to the sudden attack by Ho Lung and had visited the mission station. This accounts for the fact that most of the businesses carried on as usual all the while the Reds were in the city. Only the wealthier classes suffered at the hands of Ho Lung; the boatmen were well paid for ferrying the Red troops over the river. This is no doubt a settled policy to ingratiate themselves with the masses.

Major General Tien Recaptures Pengshui

The brigade under Major General Tien Chung-yen, attached to the division under Lieut. General Chen Ming-chien, has wrested the city of Pengshui from the hands of the Reds.

Liu Hsiang Calls Anti-Red Parley

General Liu Hsiang, Commander-in-Chief of the Bandit-Suppression forces in Szechuan province, has called a conference of all the military leaders under his command at Chungking. Measures for dealing with the harassing attitude both of Ho Lung and of his colleague in northeastern Szechuan, Hsu Hsiang-chien, are being discussed, and a definite provincial plan of attack is being worked out. Arriving by airplane the following generals are in attendance at the council of war: Liu Hsiang, Teng Hsi-hou, Tien Sung-jao, Li Chi-hsiang, Yang Sen, and Tang Shih-tsun, the last five being the commanders respectively of the 1st, 2nd, 3rd, 4th, 5th Route Armies.

Young Marshal to Call Anti-Bandit Parley

According to a Chinese report, the Young Marshal Chang Hsueh-liang is planning to call a conference of the military leaders in this area to discuss better means of dealing with the bandit suppression work in Hupeh, southern Honan, and western Anhwei. Another report states that he contemplates making a flying trip to western Hupeh to inspect the troops in that area so recently traversed by Ho Lung.

Fancheng, N. W. Hupeh to Be Gen. Ho's Headquarters

In order to cope more effectively with the threatening Red invasion of northwestern Hupeh, it has been decided that General Ho Chen-chun, Hupeh Pacification Commissioner, permanently establish his headquarters in northwestern Hupeh at Fancheng, which has an airfield and is on the direct line between Hankow-Kaohokow-Loyang air route.

Athletic Meet Attracts High Officials

In spite of the inclement weather the Fifth Central China Athletic Meet was got under way last Wednesday. The formal opening took place on Thurday in the large public recreation field, Wuchang, with over two hundred Wuhan officials in attendance, including the honorary chairman, Marshal Chang Hsueh-liang, Generals Chang Chun, Yeh Peng, Chien Ta-chun, K. C. Tang, Mayor (of Hankow) K. C. Wu, Messrs. C. P. Chen, Chen Shih, and Wang Sin-kung. In their speeches the speakers emphasized the necessity of building robust bodies not only to benefit the individual, but also the nation as a whole.

Stern Measures Being Taken Against the Anti-Modernists

A so-called Anti-Modern Corps has distributed information in the Wuhan center, but the Garrison Headquarters are taking stern measures to prevent any serious trouble. Isolated instances of acid-throwing have been reported in the local press. One lady got her modern gown ruined at the nine o'clock show in the Shanghai Theater, Hankow. Her assailant, under cover of the darkened movie house throwing nitric acid into her lap, escaped detection.

New Airport at Kiukiang

In order to insure the adequate protection of the Kiukiang-Nanchang Railway, the government is clearing ground for a large air field at Kiukiang, near Kuling. Thousands of laborers are busy with the construction work under the supervision of the magistrate, Pao Kung-jen. Upon completion, a fleet of airplanes will always be ready at a moment's notice to repulse any sudden attack on the railway by the Reds.

New British School for Kuling

In the autumn of 1934 a new British School, under the leadership of Mr. H. R. Dixon, M. C., B.Sc., will occupy the Redcroft buildings on Kuling. The school will be co-educational and have a capacity of 80 pupils. The staff of six instructors plan to prepare students for London University Matriculation, or for entrance examinations at other colleges.

First Jewish Synagogue Opens in Hankow

The first Jewish place of worship was opened here May 30. More than 100 persons, including children, participated in the joyous celebration. Rites and ceremonies were conducted by Rabbi Plotkin of Shanghai, who was in port for this specific purpose. Dr. A. J. Cohn, a local physician, has been the moving spirit in this venture. Voluntary contributions at the conclusion of the first services amounted to $4,000, which will be used for upkeep of the synagogue.

Hankow, 21 May, 1934.

Poor Prospects for Success of Disarmament Conference

The General Disarmament Commission will convene in Geneva May 29. The prospects for any general agreement on disarmament seem hopeless. In fact it is freely predicted that there will be a liquidation of the Arms Conference.

Disarmament and the possibilitary of reforming the League of Nations were among the subjects raised by speakers in the debate in the House of Commons May 15 on a motion for the adjournment of the House until May 29. Foreign Secretary Simon said he did not believe that Britain ought to go to Geneva to start new conditions. Britain had done its best with the draft Convention and it was now up to others, he said. If the Conference did break down it would be foolish to suppose that it would mean the end of the world. Stanley Baldwin, in pointing out what limitation and sanctions really meant, said that not a single day would be lost by the Government to implement the pledge he had previously given regarding air defence (to practically double the present force) if Britain's fears were realized. He pointed out incidentally that any decision to increase the Air Force could not be put into effect without months of detailed preparation.

Turkey Wishes to Fortify Dardanelles

Recent messages from London indicated that Turkey will make a proposal at Geneva to fortify the Dardanelles, demilitarized since 1919 under the Treaty of Sevres. Should the question come up, Britain will, of course, oppose, on but the other hand, political circles in London are contemplating Great Britain's reaction in the event of Turkey's disregarding this policy of opposition.

South American War Brings Up Arms Traffic Problem

The Council of the League of Nations May 20 passed a resolution to hold an extraordinary meeting on May 30 for the purpose of considering the conflict between Bolivia and Paraguay in the Gran Chaco region.

Drastic action to regulate the manufacture and subversive traffic in arms and munitions was urged by President Roosevelt in a special message to Congress May 18. He asked the entire senate to support the Senate Committee's investigation into the private manufacture and international traffic in munitions. Approval of the Convention for supervision of the international munitions traffic, signed in Geneva in 1925, which is still before the Senate for ratification, was also urged by President Roosevelt.

Arms manufactured in the United States and sold to Bolivia during 1933 amounted to $1,050,000, according to Department of Commerce figures published May 19. Arms exported to the South American country during the first quarter of this year totalled $509,000, the figures showed. Paraguay imported $94,000 of American arms last year, and $175,000 worth during the first quarter of the present year, the statistics indicated.

President Roosevelt in a message to the Senate May 18 asked it to ratify the Geneva Arms Convention of June 17, 1925, as part of the move to obtain government control over the munitions traffic.

The United States Government has addressed inquiries to the leading powers of the world asking just how far they are willing to go in declaring an arms and munitions embargo upon Bolivia and Paraguay.

France Wants Guarantees

Speaking May 18 in the House of Commons, Victor Cazalet, a Conservative Member, recommended that France should be granted proper security guarantees in accordance with the promises given her by Great Britain and the United States in 1919, and suggested an alliance among Great Britain, France and Italy. He added that such a policy would doubtless find the support of the Little Entente powers.

A conference took place between M. Louis Barthou, French foreign minister, and Maxim Litvinoff, Soviet foreign commissar, May 18. The consensus of opinion in the French press is that they discussed principally the possibility of the entrance of the U.S.S.R. into the League of Nations. The main obstacles to the Soviets joining the League are the refusal of Switzerland and Poland to recognize the present regime.

Japan Will Build Five Air Bases by 1937

The Japanese Navy will establish five air bases by 1937 when 18 squadrons have been added to the naval air force. One will be set up in Maizuru on the Japan Sea next year, while the other four bases will be established by 1936 in Kisarazu of Chiba prefecture, in Chinkai of Korea prefecture, in Nemuro of Hokkaido prefecture, and on the Eastern Coast of Kagoshima prefecture.

Admiral Osumi, Japanese Minister of the Navy, May 8, told a meeting of local Governors whom he had invited to a tea party that the attitude of the Powers towards Japan has somewhat improved, superficially at any rate, compared with the days immediately following the Manchurian and the Shanghai affairs. He continued: "Seeing, however, that the international situation is subject to constant changes, it is a mistake to take too optimistic a view of Japan's position, judging from this or that single phase of the changing international situation. It is very necessary for the nation to form a correct estimate of the prevailing circumstances and be prepared for all emegencies. The Naval Disarmament Conference is to be called next year, and it is expected that a complicated situation will arise. The armament increment program of the Powers and their projects in the East lead one to the belief that the future of the Japanese Empire will be increasingly eventful and difficult. As for the naval authorities, they are doing their best to replenish naval strength in order to ensure the security of the country."

U. S. to Survey Aleutian Islands

An American aircraft tender and five mine sweepers, carrying on board five airplanes and accompanied by several submarines, recently left Ketchikan, Alaska, for a five month surveying expedition to the Aleutian islands. A report by Kiyoshi Uchiyama, Japanese consul at Seattle, says the object of the expedition is to look for appropriate sites to build forts upon the expiration of the Washington treaty.

According to the Tokyo *Asahi*, the American Aleutian expedition is exciting much interest in Japan. The scheme is believed to be indicative of America's future naval policy, and its success or failure is regarded as likely to present many important strategical problems. From the point of view of defences in the North Pacific, says the *Asahi*, the Japanese navy is watching the progress of this undertaking with considerable interest.

"Manchukuo" Navy Will Aid Japan to Exceed Pact Ratio

Manchukuo is to have a navy and possibly by this means Japan will be able to exceed her naval treaty ratio, the excess portion of her fleet flying the Manchukuo flag. On January 10 last Manchukuo placed its first order for vessels which are covered by gunboats of 255 tons each, both to be built by Japan.

League Committee Adopts Rajchman Report

A *Central Daily News Agency* (Nanking) despatch from Geneva May 18 stated that the League Council's committee on technical co-operation with China had adopted the report of Dr. L. Rajchman, League liaison officer in China. The committee would meet again after the report had been considered by various technical committees of the League.

According to Chin Fen, secretary-general of the National Economic Council, Dr. Wellington Koo telegraphed to Nanking saying that, as a result of discussions on the Rajchmann Report, the League has decided to send more experts to China but will not expand the scope of technical co-operation with China. Dr. Koo added that it was yet uncertain whether Dr. Rajchman would be coming back to China or not.

Bulgarian Revolutionaries Place King Boris on Throne

A revolution took place in Bulgaria end of last week. The new government is a virtual dictatorship by King Boris, under the compulsion of the powerful Nationalist Non-Party Association, led by M. Georghieff, former minister of commerce. M. Georghieff, a 52 year-old retured Colonel, is the Prime Minister and "Strong Man" of the Government. The Bulgarian Queen is the daughter of the King of Italy. Developments are watched in Italy, with anxiety, where opinion is divided, whether to hail the Bulgarian revolution as a growth of Fascism or as bringing Bulgaria within the sphere of French influence.

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National Finance Conference Tackles Taxation Burden

The National Financial Conference was officially opened at Nanking, May 21 at the auditorium of the Ministry of Finance. The opening ceremony was presided over by Dr. H. H. Kung, Vice-President of the Executive Yuan and concurrently Minister of Finance, and was attended by a large and representative gathering of high officials of the Party and the Government, including President Wang Ching-wei of the Executive Yuan and more than a hundred delegates.

The composition of the delegation to the Conference is national in character. The National Government is represented by delegates from the Executive Yuan and various Ministries and the National Economic Council. The provinces are represented each by a delegate of the provincial government concerned and the Finance Commissioner of the province. Municipalities are represented in a similar way. The Conference having been summoned by the Ministry of Finance, all department directors of the Ministry and various salt, revenue and Customs commissioners and superintendents were ordered to attend. In addition, twenty-four financial experts and economists of the country were invited by the Finance Ministry to participate in the discussions of the Conference.

Prior to the opening of the Conference, the entire delegation led by Minister Kung proceeded to the mausoleum of Dr. Sun Yat-sen to pay tribute to the late Party Leader and Founder of the Republic. A brief but soleumn ceremony was held before the mausoleum, at which Dr. Kung, on behalf of the delegation, offered sacrifices to the Spirit of the late Leader. Following the visit, the delegation motored to the National Government building to attend a memorial service at 10 o'clock. After the service, the delegation proceeded with the work of the day.

In his opening speech, Minister Kung said that the principal missions of the Conference are two-fold, namely, rehabilitation of rural districts and thorough reform of land taxes and land surtaxes. Dr. Kung said the Government should pay immediate attention to the question of the readjustment of the Farm Tax, more equitable distribution of the people's financial burden, determination of the local budgetary system and methods for the enforcement thereof, opening of new sources of national revenue, and improvement of the monetary system. These problems, important as they are, however cannot be solved by the Central Government alone, but must be tackled and threshed out with the co-operation of the local authorities and the people in general, Minister Kung said.

Dr. Kung reiterated that the following questions were important :—1. How to meet the deficit in local treasuries after the remission of land surtaxes is enforced; 2. What possible revenue sources may be developed after the abolition of exorbitant taxes and miscellaneous levies?; and 3. How to secure an equitable distribution of the burden of taxation?

Following Minister Kung, President Wang Ching-wei, on behalf of the Executive Yuan, delivered a speech of admonition to the delegates. After briefly reviewing the present situation of the country in its various phases, President Wang expressed the hope that the Conference will work out practical and effective measures for the readjustment of land surtaxes in order to relieve the suffering of the people. While emphasizing the importance of national reconstruction, President Wang said that reconstruction must be carried out under circumstances which do not involve increased burdens on the part of the people. President Wang also emphasized that the Conference is of great significance—especially during the present period of national emergency. The Government, he said, is making a supreme effort to transform China into a modern country. For this purpose, funds are required, and they must be raised from the people. But the people are not in a position to bear the heavy burden, as may be seen in the fact that they have to rely more and more on foreign countries for their necessities, such as rice, cotton and wheat. According to Customs reports, China sustained an unfavorable foreign trade balance of no less than $600 millions last year. Finally, President Wang exhorted the delegates to faithfully carry out their duties in connection with the mission of the Conference.

Hsu Fu, Provincial Commissioner of Finance for Fukien, submitted three proposals to the Conference. These call for the establishment of Finance Bureaus in the various districts with a view to balancing the budgets of the various District Governments, registration of land with a view to readjusting the Farm Tax, and reduction of surcharges on the Farm Tax with a view to alleviating the financial burden of the peasants.

Northwestern Provinces Report Deficits

Su Ti-jen, Commissioner of Finance of Suiyuan Provincial Government, in an interview stated that intense business depression is prevailing in Suiyuan, which has been for many years famous for its production in wool, furs and domestic anminals, but owing to the lack of market, this business has rapidly declined and now the province is almost faced with over-production. As a result ot this situation, the revenue of the province has not been able to balance the budget of expenditure, leaving a monthly deficit of nearly $1,000,000.

Ku Chih-han in an interview said that the Chahar Provincial Government is facing huge deficits in its expenditure, the monthly Provincial revenues amounting to only $300,000.

The liabilities of the Kansu Provincial Government now total over $10 millions, according to Chu Ching-yu, Provincial Commissionet of Finance for Kansu. Due to the revolt of the 41st Army under General Sun Tien-ying, the Kansu Provincial Government has suffered a loss, in emergency expenses, of over $300,000. The military expenditure for the 23rd fiscal year (July 1, 1934 to June 30, 1935) is estimated at $6,500,000, of which no less than $3,600,000 are to be employed for the maintenance of military units of other provinces which are now stationed in Kansu. The Central Government will therefore be petitioned to extend financial assistance to the Kansu Provincial Government for the upkeep of said forces.

Chao Ti-hua, in an interview, said that the annual income of the Kiangsu Provincial Covernment amounts to over $20 millions, half of which come from the Farm Tax. In the current fiscal year (July 1, 1983—June 30, 1934), however, the Provincial Government has to face a deficit of over $2 millions.

Provincial Production Conference Meets at Hangchow

The Chekiang Provincial Production Conference, convened by the Chekiang Provincial Government to devise measures for the rehabilitation of the rural districts throughout the provinces, opened at Hangchow May 16. Over 222 delegates, including district magistrates, representatives of various industrial and labor unions, as well as a nnmber of rural experts attended the conference. Tseng Yang-fu, Provincial Commissioner of Reconstruction in his opening address, said that the proverbial wealth of Chekiang province, had become almost a thing of the past, because of several reasons. Among the more important may be mentioned the economic encroachment of Imperialist Powers, the heavy burden of taxation on the people, the inadequate safeguards for the protection of private lives and property, the strikes instigated among the workers and peasants by Communists, the extravagant and indolent habits of the people, and the failure of the farmers and industrialists to improve their methods of production.

A meeting of the reconstruction administrations of the District Governments of Chinkiang, Tanyang, Liuho, Ining, Kintan, Kuyung, Kaoyn, Kishui and Liyang was held at the Kiangsu Provincial Department of Reconstruction in Chinkiang May 15 to discuss plans for river conservancy, highway construction, municipal administration, rural rehabilitation, development of telegraphic and postal communications, and other reconstruction enterprises in the districts concerned.

The Native Goods Travelling Exhibition of Shanghai and Hankow was closed at Changsha, May 15, after having been in progress for two weeks. The total volume of business done amounted to approximately $400,000, of which $180,000 went to Shanghai merchants and the remaining $120,000 to Hankow and Changsha merchants.

In compliance with the request of General Ku Chu-tung, Commander-in-Chief of the Northern Route Bandit-suppression Forces, General Hsiung Shih-hui, Chairman of the Kiangsi Provincial Government, has instructed the Relief Committee to distribute ploughing oxen and farm implements to the peasants of Lungkang and Shangku, central Kiangsi, to facilitate the next sowing. The two areas were recently recovered from the Reds by the Government troops.

A committee to improve the breed of cavalry horses has been specially organized by the Ministry of War, with Colonels Chang Hung-ying and Chiang Tung-ju as Chairman and Vice-Chairman.

Plans for the purchase of large tract of a land along the northern Kiangsu coast near Nantung to plant sugar cane and beet and for the establishment of a sugar refinery there, are under consideration by the Ministry of Industry.

A loan of $500,000 will be raised from banking circles at Tsingtao on the guarantee of the Shantung Provincial Government and the Tsingtao Municipal Government, for the rehabilitation of the coal industry. A decision reached to said effect was reached at Tsingtao, May 15 at a meeting of representatives of the Shantung Provincial Government, the Tsingtao Municipal Govcanment, and the coal merchants of Poshan, the mining district east of Tsinan.

Aids to Navigation Promulgated

A set of Regulations governing "Aids to Navigation" has been promulgated by the National Government. Light-houses lightships, buoys, signal posts and beacons are provided for. Matters relating to the construction, repair, supervision and control of aids to navigation shall be under the charge of the Ministry of Communications. While the various local Governments may, upon approval by the Ministry of Communications, establish aids to navigation, the Ministry of Communications whenever it shall deem same liable to cause danger, or otherwise unnecessary, may order the same to be altered or removed.

Boxer Funds Asked to Build Paper Mill

The proposed paper mill sponsored by the Ministry of Industry is to be capitalized at $4,100,000. Paper-making machinery and the hydro-electric plant are estimated to cost over $3 millions. The plans and estimates have been forwarded to

the Board of Trustees for the Administration of the British Boxer Indemnity Refund, to consider the application of the Ministry for a loan of £330,000. The mill, when in operation, is expected to turn out 35 tons of newsprint daily.

Cocoon Merchants Ask for Reduced Taxation

At the request of the Kiangsu Cocoon Merchants Guild, the Ministry of Industry, in a petition to the Executive Yuan, requests that the Kiangsu Provincial Government be instructed to discontinue the newly-imposed Cocoon Improvement Tax which has been in force since January this year. This new financial burden—a tax of $4 on every picul of cocoons, the merchants state ther are unable to shoulder.

Land Arbitration Offices to Be Established

Land arbitration offices are to be established throughout the country to facilitate the settlement of land disputes. The Ministry of Interior has telegraphed to the various Provincial and Municipal Governments seeking their views regarding the system of organization and functions of the arbitration offices.

Hankow Electricity Works Earns $270,000

The Hankow Electricity and Waterworks, Limited, a private concern, held its annual meeting of shareholders May 20 at which Liu Shao-yan, manager, reported that the Company made a net profit of $270,000, during the past fiscal year. The meeting also decided to establish a second electricitry company to meet the demand of the rapidly growing population of the port.

Re-Employment For 60,000 Filature Hands is Foreshadowed

Interviewed in Shanghai, May 20, a local silk expert hinted at the possibility of 60,000 unemployed being re-absorbed into the silk industry, as good results had been obtained from experiments in the improvement of sericulture and a good crop was expected this season.

The fourth annual conference of the China Textile Institute was held in Nanking, May 19. Representatives of the Executive Yuan and the Ministry of Industry were present at the meeting. It was decided to petition the Ministry of Industry to order the application of scientific methods in native cotton mills, and to establish factories for the manufacture of rayon (artificial silk) as a measure of counteracting foreign dumping.

A Central Cotton Improvement Station will shortly be established in Nanking by the Cotton Control Committee of the National Economic Council.

Chin Fen, Secretary-General of the National Economic Council, returned to Nanking from Kiangsi May 20. Interviewed, he said that he had conferred with General Chiang Kai-shek, on measures for the rehabilitation of the various areas in Kiangsi which have been recovered by the Bandit-suppression forces from the Communist bandits.

Road Built by Army Near Nanfeng Is Opened

The 40-mile highway between Nanfeng and Kwangchang, which was built by soldiers of the 3rd Route Army under General Chen Cheng, has been completed. The inauguration ceremony was held May 17 at the Nanfeng station.

Steps will be taken to complete the Wusih-Shanghai Highway before August 15 so as to provide communication facilities for the forthcoming Five Southeastern Provinces Travelling Exhibition, according to a decision reached at a meeting of the Preparatory Committee held in Wusih, May 19.

The motor road from Sian, capital of Shensi, to Lanchow, in Kansu provincee, in expected to be completed at the latest by the end of this year.

In order to improve the highway service, Shen Pai-hsien, Provincial Commissioner of Reconstruction of Kiangsu, is conducting an inspection of the different highways in this province.

A sum of $100,000 has been alloted by the Provisional Headquarters of the President of the Military Affairs Commission for the initial work in connection with the long-distance telephone system for Kiangsi province.

Transportation of coal by sea-routes should be made through Chinese steamship services so as to protect national interests and promote domestic shipping, according to an order issued by the Ministry of Industry to the various mining corporations.

The Fukien Provincial Government, has decided to appropriate a sum of $400,000 for the construction of various trunk lines of highways in the province.

In order to increase the efficiency of river shipping, the schedules of the various steamers plying along the Yangtsze River must be adjusted so that the sailings and arrivals may accord with the time-table of the Kiukiang-Nanchang Railway. The Ministry of Communications, in an order to the China Merchants Steam Navigation Company and the Navigation Bureaus has instructed them to notify all shipping companies to the above effect.

Ministery Asks Revision of Canton-Hankow Railway Agreement

The Ministry of Railways is conducting negotiations with the British Consul-General at Nanking for the revision of the Canton-Kowloon Railway Agreement.

The third Railway Products Exhibition was be opened in Peiping May 20. Tseng Chung-ming, Administrative Vice-Minister

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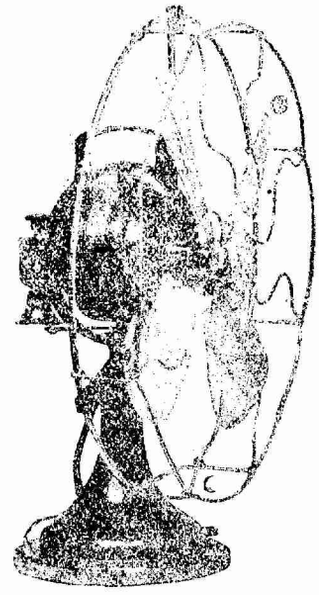

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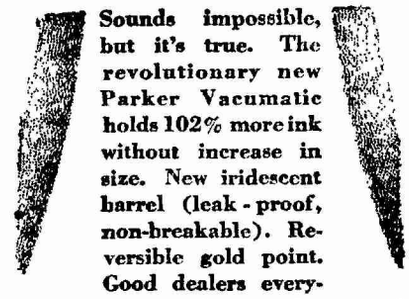

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68-559

of Railways, officiated at the opening ceremony. The exhibition will last one month.

The Railway Hotel at Chingyangkang was formally declared open May 23. The hotel is established under the auspices of the railway authorities in order to accommodate week-end pleasure seekers from Shanghai.

A factory for the manufacture of machines and apparatus for the telegraph, telephone and postal services will be established in Nanking in the near future by the Miniatry of Communications. Regulations governing the organization of the plant have been formulated and promulgated by the Ministry.

To meet the increasing demand for railway freight transportation, following the institution of the through traffic service, the Ministry of Railways is planning to establish warehouses at various railway stations throughout the country.

The Fukien provincial government is seeking a loan of $3,000,000 from Chinese Banks for relief work in the rural districts.

The Ministry of Industty has sent an official to Canton to investigate the dumping of foreign sugar on China. It is estimated that China loses $40,000,000 annually because of the dumping of foreign sugar on the Chinese market.

In order to promote the foreign market for Chinese lacquered wares, the lacquered ware merchants at Canton have decided to send a number of lacquered ware articles made in Yang-kong County to the Chicago Exhibition.

The Kiangsu Provincial Federation of Chambers of Commerce, at a meeting in Chinkiang, May 20, decided to petition the Central authorities for the reduction of the business tax, abolition of exorbitant levies and miscellaneous taxes, and reduction in price of salt. It also decided to petition the Government to refrain from imposing the proposed business tax on cotton.

Progress Continues with Yellow River Conservancy Work

The Shantung Provincial Department of Reconstruction is making strenuous efforts to repair all damaged portions of the dykes of the Yellow River within the province.

Messrs. Lin Yu-lung and Chu Kwang-tsai, conservancy experts of the National Economic Council, arrived in Hankow, May 18 and will accompany Hu Lien-so (delegate of the Bandit-suppression Headquarters for Hupeh, Honan and Anhwei) to Shasi, western Hupeh, to inspect the river embankment. Later, they will also survey conditions on the Siang Ho, a tributary of the Yangtsze River.

Chao Chih-yu, Chairman of the Yangtsze River Conservancy Commission, returned to Nanking May 17 from an extensive survey of the river conditions in the lower reaches between Nanking and Woosung.

Kung Hsiang-yung, Director of the Engineering Relief Section of the Yellow River Flood Relief Commission, returned to Nanking May 17, from North China, where he has been supervising the river conservancy work. He later proceeded to Shanghai to consult Minister H. H. Kung, who is Chairman of the Commission, on measures for large-scale rehabilitation work on the entire River.

Lin Cheng-hsiu, Provincial Commissioner of Reconstruction for Hopei, reports that the work of repairing the breached dykes of the Yellow River in southern Hopei has been practically completed. In order to strengthen the embankments there, laborers will be recruited from the three affected districts of Tungming, Changyuan and Huhsien.

Plans for the prevention of floods this year have been completed by the Yangtsze River Conservancy Commission and submitted to the Executive Yuan for approval.

An Engineering Bureau in charge of the Irrigation Canals for the Chinghui and Lo Rivers in northern Shensi, will be established at Tali (Tungchow), north-eastern Shensi, by the North-Western branch of the National Economic Council. Sun Shao-tsung, Director of the Bureau, accompanied by Sheng Te-shun, Chief Engineer, has gone there to make arrangements accordingly.

T. V. Soong Returns from Highly Successful Tour of Northwest

T. V. Soong, member of the Standing Committee of the National Economic Commission, arrived back in Shanghai May 7 after a strenuous, and at the same time highly successful, tour of the Northwest in the Eurasia monoplane No. II. Accompanied by K. C. Chen, his secretary, Mr. Soong left Sian for Shanghai at 6 a.m on said date. He arrived here 11.40 a.m., without making any stop on his way. The plane taxied to the front of the Eurasia office at the airdrome and Mr. Soong stepped down from the cabin and shook hands with a large group of persons who had gathered there to welcome him home. He left by car with his wife and their children for his residence in Route Ghisi. Among those at the airdrome to welcome Mr. Soong were Messrs. Chang Shu-yung, Zia Chi, Chang Foh-yung, T. L. Soong, Tu Yueh-sung, Teng Mei-shun, Loh Wen-lai, Kuangsun Young, Yuan Ti-ming, Li Chin-chun, and many other officials of the Ministry of Finance. Han Chia-jen, representative of Gen. Han Fu-chu, chairman of the Shanghai Provincial Government, was the only other passenger in the plane on the trip from Sian.

Mr. Soong, in an interview, while admitting that there are difficulties in rebuilding the North-western provinces of Shensi, Kansu Ninghsia and Chinghai, said the problem was nevertheless comparatively simple. He also minimized the latent danger of racial conflicts in that region—which has often been pointed out with apprehension by people interested in the task of reconstructing China's great Northwest. Such racial difficulties as may arise can be easily settled, he felt, as subsequent to the founding of the Chinese Republic, all racial elements composing the nation are equal, whereas the standing policy of the late Manchu regime was to keep the peoples in the Northwest divided among themselves. Farmers in the Northern provinces live a simple life, Mr. Soong said. There have been bountiful crops during the last two years, and if it had not been for the persistence of heavy military levies, the people would have already seen better days, Mr. Soong declared. It was his belief that this ruinous system can be discontinued provided the local military leaders are given time to made the necessary adjustments. In the opinion of Mr. Soong, what is causing havoc in the North-western provinces is the evil of opium, which is at least a hundred times worse than what obtains in the Yangtsze Valley.

Dr. Kung Says Japanese Capital Will Not Be Excluded

Regarding the projected China Reconstruction Finance Corporation, Dr. H. H. Kung in a recent interview emphasized that it was being organized as a private commercial concern for the purpose of facilitating the investment of both foreign and Chinese capital in China. He added that Japanese capital would not be excluded so long as Japanese investors followed the conditions laid down by the corporation.

Five-Day Air Service to Germany to Start in Near Future

Hollington Tong wrote in the *China Press* May 20 that with the receipt of the news from Urumtchi indicating the early restoration of order in Sinkiang there looms the prospect of the inauguration of, at first a 5-day air mail service, and later a 2-day service, between Shanghai and Berlin by the Eurasia Aviation Corporation before August. Richard Walter, vice-president of the Corporation, has given out the information that all arrangements have been completed for commencing the much deferred service immediately.

Archibald Rose, a director of the British-American Tobacco Co. made the trip from London to Shanghai to in a little more than sixteen days' travelling. The distance from London to Singapore, 8,500 miles, was covered by a plane of the Imperial Airways in eight days and the remainder of the travel by the motorship *Glenbeg* in eight days and a half. Extension of the service, to enable passengers to reach Hongkong by air (via Haiphong), is planned by the Imperial Airways management.

The Canton-Hangchow airline was informally inaugurated by the South-west Aviation Corporation May 19. Preparations are being rushed for the operation of a regular air mail and passenger service between the two cities.

The Executive Yuan has issued instructions to the various Government organs throughout the country, to make public the amount of "Airplane Fund," hitherto collected, and to hand over the funds immediately to the Central Government.

Air-mail and passenger service on the Canton-Lungchow (Kwangsi) Airway, which was recently suspended on account of inclement weather, was resumed May 15.

Following the example of their head offices, the two branch offices of China National and Eurasia Aviation Corporations in Peiping were combined May 17 so as to curtail expenses.

Heavy Exports of U. S. Airplanes to Many Countries

United States exports of airplanes and motors in the first eleven months of 1933 were valued at U. S. $6.402.086, or 6.7 per cent above the U. S. $6,001,963 exported in the entire preceding year. It was estimated that the value of 1933 aviation exports was 16 per cent greater than in 1932.

The Curtiss-Wright Corporation, one of the pioneer plane manufacturers, last year made shipments to China, Japan, Russia, Germany, Philippines, Dutch East Indies, Alaska, Australia, Spain, Poland, Switzerland, France, Holland, Italy, Czechoslovakia, Sweden, Bulgaria, Colombia, Chile, Peru, Brazil, Mexico, Guatemala, Honduras, Santo Domingo, Puerto Rico, Cuba, El Salvador, Canada, Alaska and Turkey.

Germany Buys Much Aviation Material in United States

Purchases of American-made aviation material are being continued by Germany at an accelerated tempo, it was revealed by the statistics published by the U. S. Department of Commerce May 13. During the month of March Germany bought in the United States 47 plane motors with a value of $249,480. During the first three months of 1934 the purchases by Germany totalled 122 airplane motors, as compared to 47 motors for the entire preceding year. Germany is at present by far the best foreign customer of the American aeronautic industry, as she absorbs more than one-third of United States exports in this line.

The German Aviation Week, which is planned for June 1 to 3, will be held all over Germany in order to make aviation popular with the German people. A special attraction on German Aviation Day on June 3 will be a two day's trip of the German airship Graf Zeppelin over the Reich. For the first time the airship will take a glider up into the air, which will be released over Berlin city.

68-560

The German stratostat, *Bartsch von Ziegesfeld*, which ascended in Germany on May 13, was found May 15 at the distance of 30 kilometers from Sebej (near the Soviet-Latvian frontier). Both occupants were killed.

Regular Trans-Atlantic Air Service to Be Inaugurated

American explorers and weather experts are busily surveying the little known sub-arctic areas of Greenland in connection with plans to inaugurate a trans-Atlantic air service. Technicians and negotiators are preparing for another route by way of Bermuda and the Azores to southern Europe. The Pan-American Airways system has completed and begun trial flights with the first of a fleet of six trans-oceanic air liners destined for the Atlantic service as soon as that is arranged. Each of the liners will carry 32 passengers with 1000 pounds of mail and express over a cruising radius of 1200 miles. This range is intended, officials of the line say, to exceed the greatest overwater stretch on any conceivable commercial route between the Americans and the Old World.

The transatlantic airmen, Captain George Pond and Lieutenant Cesare Sabelli, who tried a non-flight trip from New York to Rome, were forced to land in Ireland May 15. Serious defects in the motor had developed.

Major R. W. Bale, Canadian Postal Superintendent, recently stated that establishment of a five-day air mail service between London and Tokyo via Canada, Alaska and Russia is feasible within the next five years. He said that Pan-American Airways are interested in a service to Northern Russia and that he himself expected to fly to Alaska in connection with the project in the nearfuture.

Mail Plane Crosses U. S. in 11 Hours, 31 Min.

A new postal plane record for New York-Los Angeles flight was established May 14 by a mail plane which covered the distance in 11 hours 31 minutes with refueling in Kansas City. The plane carried about 500 lbs. of mail.

Soviets To Inaugurate Tiflis-Moscow Air Line

A new regular air service is shortly to be inaugurated betwen Tiflis and Moscow, across the main Caucasian mountain range, the whole distance taking 12 flying hours. The journey from Tiflis to Moscow by rail takes four days.

One of the most important aviation bases of the Board of the Soviet Northern Sea Route is being established on the Chukotsk Peninsula. In connection with the increase in number of airplanee, new hangars are being erected at North Cape.

Body of Ivan Carlson, Sikorsky Plane Victim, Found

The body of Ivan Carlson, acting communications secretary of the China National Aviation Corporation, who was one of the four occupants of the Canton-bound twin-motored Sikorsky mail plane missing since April 10, was found in Hangchow Bay north of the Tzeki District by in the night of March 13, by a native fishermen, and his son. When fishing off Shienpih Island, north of Tzeki, they caught the body in their net.

Netherlands Indies "Gas" Beats U. S. Product 6 to 1 Into Shanghai

The April report of the Shanghai Customs House shows that out of a total of Gold Units 1,244,807 of aircraft (and accessories) imported to Shanghai during the four months (January-April) of 1934, the United States supplied G. U. $920,589; Great Britain and Italy each about one-sixth as much. Of motor trucks and buses, the U. S. supplied G. U. 745,608 out of a total of G. U. 784,810; of other motor cars the U. S. supplied G. U. 832,073, Germany and Britain, the nearest competitors, each about one-eighth as much as the United States. Out of a total of G. U. 4,415,917, of imports of kerosene into Shanghai during the four-month period the figures are: U. S., G. U. 1,804,793; Netherlands India, G. U. 1,745,756; Soviet Russia, G. U. 865,368. Netherlands India furnished almost six times as much gasoline as the U. S. during the period under review, namely, G. U. 2,385,509, as against G. U. 476,256. (During April only a total of G. U. 824 of U. S. gasoline was imported as against N. I., G. U. 662,111) Total of gasoline, G. U. $3,060,192. Canada supplied more than twice as much, news print as U. S. A., the figures being respectively G. U. 538,792, G. U. 237,043. Total—G. U. 1,408,786. (The Gold Unit is forty U. S. *gold cents*, or in present U. S. depreciated paper currency about U. S. $0.66.)

New Restrictions for Chinese Uniformed Men

The Ministry of War has issued a new order imposing restrictions on men in uniform. According to the order no persons in uniform are permitted to ride on horse-back with women or carry children in their arms while walking on the street. The order declares that those who violate this restriction are liable to receive severe punishment from the authorities.

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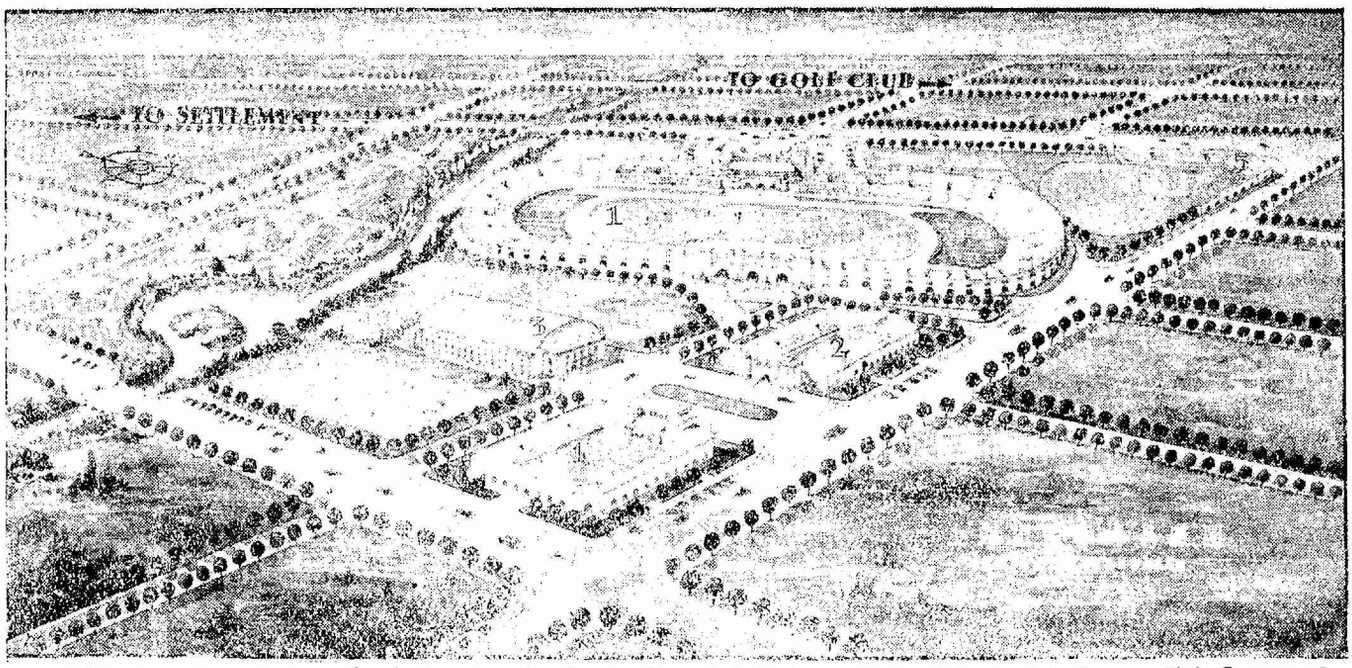
BIRD'S EYE VIEW OF PROPOSED GREATER SHANGHAI STADIUM



The above is a photograph of plans for the Greater Shanghai Stadium, which will be built in the new Civic Center and which will cost over $1,000,000 when completed. It is to be conpleted by August, 1935—No. 1 is the stadium with a seating capacity of 60,000. No. 2 is the swimming pool, which will be able to accommodate 5,000 spectators; and No. 3 is the gymnasium, which will be able to hold 4,000 persons. No. 4 is the tennis stadium and No. 5 is the baseball ground. Funds for the latter two stadia, however, are not yet available. The plans were made by Dayu Doon, local architect. A spokesman of the Municipal Government of Greater Shanghai May 16 denied a report that the Municipal Government was contemplating securing a loan of $2,000,000 from local Chinese banks for the purpose of Building the stadium, a museum and a library.

1. Stadium —Seating Capacity 40,000-60,000—500 M Track, 2-200 M Tracks, 1-Foot Ball, 3-Tennis, 3-Basket Ball, Sleeping Accommodation 2,500, Shops.
2. Swimming —Seating Capacity 4,500-5,000—20 × 50 M Pool, 340 Lockers, Showers, etc. Depths: 3′-6′, 6′ and 11½′.
3. Gymnasium—Seating Capacity 3.500-4,000—Floor Area 20 × 40 M Arched roof 60′ high, Skylight, Indoor Tennis, Basket Ball, etc., Heated, 300 lockers.

*4. Tennis —Seating Capacity 4,000-5,000—3 Lawn Courts, 100 Lockers, Showers, Shops, etc.

*5. Base Ball —Seating Capacity 4,000-5,000—100 Lockers, Showers, Shops, etc.

Total seating 77,000; Including standing, 100,000.

*Funds not yet available.

China Withdraws from Far Eastern Olympic Congress

The Far Eastern Olympiad at Manila had to be extended for a day owing to rain having necessitated the cancelling of the games May 17. The final events took place May 20, except for finals in tennis (interfered with by rain.) The final championship results of the Meeting were as follows: Soccer, China; Women's Swimming, China; Basketball, Volleyball, Baseball, Philippines: Girls' Voleyball, Philippines; Track and Field, Swimming and all-round events, Japan; Fancy Diving, the Netherlands; Shooting, Philippines; Boxing, Philippines.

Coincident with the playing of the games of the Far Eastern Olympiad at Manila, a Far Eastern Olympic Congress was held. At the second day's session on May 20, things moved peacefully until the Japanese introduced a recommendation for the change of the Olympic constitution with a view to admitting Manchukuo. China withdrew after a heated debate. After China's withdrawal, a proposal that the host country of the Far Eastern Games be given power to invite any nation to take part in the games was carried on motion of the Filipino delegation. This, of course, meant a Japanese victory on this point. Previous to China's withdrawal a large number of proposals for alterations and additions to future programs were carried, among them being a motion to add to the events a 3,000 metre hurdles race and a 5,000 metres run. It was also agreed to establish a women's swimming championship. It was explained by Dr. C. T. Wang that China's withdrawal meant withdrawal from the voting, but not her withdrawal from the Far Eastern Olympic Games.

Another meeting of the Congress was held May 21, called by Mr. Vargas of the Philippines delegation. It was later announced that a Japanese proposal for dissolving the Far Eastern Athletic Association had been adopted, and that "Japan and the Philippines will jointly issue invitations to various countries to participate in a new Asiatic Amateur Athletic Association." A meeting is to held in Tokyo early in October to discuss concrete plans for the new organization. According to present plans, invitations to join will then be sent to Manchukuo, China, the Netherlands East Indies, French Indo-China and India.

The American-owned *Manila Bulletin* in an editorial May 24 said the ousting of China from future Olympic games by dissolution of the Far Eastern Athletic Association was a "cowardly betrayal." The editorial recalled that China was the moving spirit 22 years ago in the founding of the Far Eastern Athletic Association.

Chinese Girl Atheletes Win in Swimming Events

On May 16 the Chinese girl athletes made a clean sweep of swimming events. In athletic events, Japan led throughout, with the Philippines second and China a poor third. The 50 metre free-style swimming contest was won by Miss Yeung Sau-king, China's unbeaten girl champion swimmer over any distance, in 36 9/10 seconds. She also won the 200 metre breast stroke in 3 minutes 50 seconds. Second and third places were taken by Chinese women contestants. In the 200 metre relay for women, the Chinese easily won in 2 minutes 41 7/10 seconds. The team was composed of Misses Lan Kwai-chang, Chan Woon-king, Leung Wing-han and Yeung Sau-king. China crashed through in superb style to take in the final minutes of play, a hard-won basketball contest from Japan with a score of 48 to 47. P. Kay-tang, high point man for the Chinese, scored 15.

May 18 events generally proved disastrous for the Chinese contestants. However, Chen Pao-chu gained second place in putting the shot, and Fu Pao-lu won second place in the pole vault. But the Japanese generally were ahead in the track events, with the Filipinos hard pressing them and beating the Japanese in certain instances. The day's summary for China was a succession of goose-eggs. The Chinese won the second valley ball game from the Filipinos; Japan shut out China in the second baseball game, 8-0.

Who's Who in China

Shen Chin-ting, Government official; native of Foochow. Fukien; great-grand son of the late Shen Pao-tcheng, noted Governor of Chekiang and Kiangsi; born at Canton, 1894; went to Japan at age of 9 and studied there for 18 years, finally graduating from the Tokyo Imperial University; returned to China and joined Ministry of Foreign Affairs, Peking, 1920; attache to Chinese Delegation to the Washington Conference, 1922; secretary of Ministry of Foreign Affairs; sub-director of Chinese delegation to the Customs Conference, 1925; assistant director of Intelligence Bureau of Foreign Affairs Ministry, Peking; awarded fourth class Paokuang Chiaho decoration in 1926 and made expectant minister plenipotentiary in 1927; joined the Foreign Affairs Ministry of the National Government at Nanking, 1928 as a member of Treaty Commission; senior secretary and later councillor of the Examination Yuan; assistant professor at Central University, Nanking; on Government mission to Japan to investigate Japanese administration in Spring, 1931; Director of Asiatic Department, Foreign Ministry, since December 1931; on mission to Geneva as technical councillor of Chinese delegation to League of Nations, Sept. 1932—March 1933 and toured Europe during intermissions of League Assembly; after return to China in April 1933, he was sent to Peiping to deal with North China situation; regarded as best Chinese scholar in Japanese with knowledge of several other foreign languages; translator of "The Three Principles of the People" into Japanese; author of "Text-book of Japanese Course," and "Study on the Administrative System of Japan;" address: Asiatic Department, Ministry of Foreign Affairs, Nanking.

沈覲鼎字淪新

Shen Chin-ting (Yorkson C. T. Shen)

沈覲鼎字淪新，福建福州人，年四十歲，生於廣州，九歲時赴日就學凡十八年，畢業於日本東京帝國大學，一九二〇年回國後任職北京外交部，旋充華盛頓會議中國代表團隨員，外交部祕書，一九二五年海關會議任中國副代表，外交部情報處副處長，一九二六年授四等寶光嘉禾勳章，一九二七年升記名全權公使，一九二八年任南京外交部條約委員會委員，旋改任考試院簡任祕書，及諮議，中央大學助理教授，一九三一年春奉命赴日考察日本行政，是年十二月返國後任外交部亞洲司司長，現任斯職，一九三二年九月至一九三三年三月任國聯中國代表團專員，國聯休會時，曾暢遊歐洲各國考察政治情形，一九三三年四月回國即派赴華北交涉中日事件，著有日文教科書，日本行政制度之研究，並將三民主義譯成日文。

On May 19, the Philippines beat Java by three goals to two in a closely-fought soccer match. Inada, the Japanese star, won the pentathlon easily. Japan swept all the swimming events, setting new Far Eastern records in the trials, but the Netherlands East Indies pulled a surprise to win the finals in the fancy diving. The biggest upset occurred during the basketball game when Japan defeated the Philippines.

The dissolution of the Far Eastern Athletic Association by Japan and the Philippiness was declared unconstitutional by Dr. C. T. Wang, in a press interview at Manila May 23.

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Men and Events

Dr. Chu Chia-hua, Minister of Commnications, visited General Chiang Kai-shek at Changsha May 16.

A fire destroyed the Changhsa District Prison in Changsha May 20. Four prisoners were burned to beath.

The automatic telephone service in Greater Shanghai was put into operation at 11 o'clock on the night of May 19.

Robert Feitscher, Czechoslovakian Minister, has left China on furlough. K. Malinovsky, Counsellor of the Legation is in charge during Mr. Feitscher's absence.

Mrs. Ma Kwei, daughter-in-law of General Ma Chan-shan, of Nonni River fame, committed suicide by jumping down from a high building in Tientsin May 20.

Vladimir Ivanoff, a former colonel in the Russian Imperial Army, shot and killed himself in the kitchen of his apartment at 848 Avenue Jeffre, Shanghai, May 20.

Sun Tung-kan, Chinese aviator who made a flight from Germany to China last year, will shortly leave for the United States to pursue further study in aviation.

A third batch of Chinese products, consisting of over two hundred cases, will be shipped to America on May 29 to be displayed at the coming Chicago exposition.

The death occurred at Brookline, Mass., May 21, of Willis J. Abbott, contributing editor of the *Christian Science Monitor*. Mr. Abbott was a visitor to Shanghai and China in 1931.

The German Consulate General in Shanghai is distributing an English translation of Chancellor Hitler's speech in the Reichstag Jan. 30 last on "One Year of National Socialirm in Germany."

As this is now the close season for game, hunting within the territory of Greater Shanghai is strictly prohibited by the Greater Shanghai Municipal Government in a public order issued May 19.

M. Le Dore has been held by the French Consulate General to have been implicated in the fire which recently destroyed the Hotel de France in Avenue Edward VII, and of which he was the manager.

Chao Mei Pa, a graduate of Brussels Royal Conservatory, after having successfully appeared in Europe, is at present touring the United States under the auspices of the China Institute in America, New York.

Miles W. Vaughn, former Far East manager of the *United Press* has been appointed night service manager in the *U. P.* New York headquarters. Mr. Vaughn has been in the New York office for several months.

Arthur C. Bent, vice-president of the California State Chamber of Commerce now on a tour of China, arrived in Shanghai during the week by train with Mrs. Bent from Peiping where he had been spending the past few weeks.

Seventy-two manuscripts and about 400 relics belonging to the ancient Sogdiana civilization were recently found on the Moug mountain, in the district of Hairabed, in Tajikistan, a recent *Tass* message from Moscow stated.

The 18th death anniversary of the Revolutionary martyr, Chen Chi-mei, was commemorated here in Nanking May 18 at a service at Central party Headquarters. The memorial address was delivered by Yeh Chu-tsang.

Yang Liang-kung, member of the Control Yuan, arrived in Hankow May 19 to inspect judicial administration and prison conditions in Hupeh province. Mr. Yang will spend a month in Hupeh before returning to Nanking.

In a ministerial order, the Ministry of Communications announced May 22 that the fourth examination for the certification of marine officers and engineers will be held on July 27. The venue of the examination will be announced later.

Buddhist Abbot Chao Kung (alias Trebitsch Lincoln), deported from England, was immediately sent through Canada upon his arrival in Montreal May 21, to Vancouver. Previous reports stated that he would try to obtain permission to reside in Japan.

A mob of between sixty and seventy Mohammedans May 17 wrecked the offices of the Tientsin *Hua Pei Sin Wen Pao*. The trouble arose because of an article published by the journal discussing the origin of why Mohammedans refrained from eating pork.

The American legation reports that the bandit chieftain Ho Lung has demanded a ransom of $100,000 and a large quantity of medicine for the release of Howard Smith, American missionary, who was kidnapped about a fortnight ago at Penghsien, in Szechuen province.

When Wu Yao-chi, departmental chief of Chinese Customs at Tientsin, was proceeding in a rischa from the the Customs office to his club in the French Concession, the occupant of a passing motor-car fired at him four times. One of the bullets fractured Mr. Wu's collar bone.

The Shanghai Trust Company was opened May 22 in the former site of Dinty Moore's Restaurant, corner of Szechuen and Peking Roads. The chairman of the Shanghai Trust Company is the well-known banker, Yang Chieh-mei. The board of directors include Dr. P. W. Kuo, former head of the Foreign Trade Bureau of the Ministry of Industry in Shanghai, C. M. Hsu, vice-chairman of the Chinese Ratepayers' Association of the Foreign Settlement, and Messrs. Chi Yung-ching, Chang Tan-ji, Wang Kan-cheng, Yen Hsiaofang, Kan Shu-ho and Chen Wei-han.

Officers and enlisted men of the U.S. Army, Navy and Marine Corps will have their tour of duty on tbe China station reduced by one year under terms of a measure passed by the House of Representatives May 21. The bill has already been passed by the Senate.

The last examination for marine officers and engineers will be held in Shanghai on June 27, it is announced by the Ministry of Communications. All those who have not taken any of the previous examinations held by the Ministry must sit for this one; otherwise they will be suspended from servince, the order states.

Thomas F. Millard, adviser to the National Government, sailed for San Francisco from Shanghai on the Dollar liner *President Coolidge* May 22, on a trip to the United States and Europe. Mr. Millard was the founder of the *China Press* and also of the *China Weekly Review* (originally known as *Millard's Review*.)

Two well-known Chinese officials and two of their body-guard were shot dead by bandits May 22 while making an inspection tour of the Fengshun district, near Swatow. Six of the outlaws were rounded up a few hours after the attack on the officials. Three of them were shot on the spot and the other three beheaded later in the day.

Felthan Watson has been appointed to be District Attorney of the United States Court for China. He is a young lawyer from St. Louis, Mo. Dr. George Sellett, who remained in office at the request of Department of Justice officials, after tendering his resignation early in 1933, will engage in law practice at 345-55 Hamilton House.

Sir Alexander Cadogan, British Minister to China, arrived at Nanchang, May 16 in General Chiang Kai-shek's private plane. In the evening Sir Alexander was the guest of honor at a dinner party given by general Chiang at which Dr. Chu Chia-hua, Minister of Communications, and General Hsiung Hsihwei, chairman of Kiangsi province, were present.

The Gen. Frederick Townsend Ward Post No. 1 American Legion of Shanghai will make their annual pilgrimage to Sungkiang, Sunday June 3. Commander Harry Frick expects to have upwards of a hundred in the party. The train starts from North Station 8.35 a.m. with two extra coaches for the Legionnaires, their families and all others who care to join

Edward Hunter, staff correspondent of the *International News* Service, in a radio talk in New York Feb. 12 (reproduced in the *Chinese Christian Stvdent* (March-April) gave details of the how he secured the facts in the incident over a year ago when the Japanese had killed 3000 men, women and children as a reprisal for an attack against the coal mining city of Fushun.

Richard J. Walsh, editor of *Asia* magazine, has been appointed as Advisory Editor of the magazine. H. J. Timperley, Peiping correspondent of the *The Manchester Guardian*. has been authorized to negotiate on behalf of *Asia* for stories, articles and illustrations and to eollaborate will other writers, if necessary following a visit by Mr, Walsh to the former capital.

Ho Shou-tuan, a member of the Ministry of Finance, was seriously injured when a clash occurred between taxi drivers and railway guards near the Hsia Kuan Station (Nanking) May 16. Mr. Ho went to the station to see Finance Minister Kung off and was hit by a stray bullet in the leg. The bullet has already been extracted but it is feared that Mr. Ho will be disabled for life.

In order to relieve the famine refugees of Hainan Island, the Nanking residents of the Island have decided to organize a relief society with Admiral Chen Tse-, Director of the Naval Bureau of the Military Affairs Commission, Lieut.-General Wen Hung-en, Commissioner of Public Safety for Greater Shanghai, and Messrs. Cheng Chieh-min and Wang Chun as members of the Standing Committee.

M. S. Okecki, adviser on road construction and development to the Nationaj Economic Council, recently returned to Nanking from a two months trip to the West and Northwest. Mr. Okecki drove a car over the motor road which now reaches to Lanchow. He reports papid progress being made in highways which will in the near future reach into Szechuan and connect that province with Central and East China.

The U. S. destroyers *Barker, Bulmer, Edsall, John D. Edwards, Parott, Pillsbury, Peary, Paul Jones, Stewart, Smith Thompson, Whipple*, and transports *Blatkhawk and Pecos* sailed during the week from Shanghai for Chefoo and Tsingtao, to spend the summer. The U.S.S. *Augusta*, cruiser flagship of the of the U.S. Asiatic Fleet, departed for northern ports on May 23, leaving two American warships in port, the *Monocacy* and the *Tutuila* both from the Yangtsze Patrol.

The annual plays of the Nanking American School, known as Hillcrest, were given on May 18. Two plays were produced, one called "Catherine Parr" and the other "Little Red Riding Hood." The dirccors and coaches were Mrs. J. H. Daniels, and Mrs. J. H. McCallum. The staging was done by Mrs. J. T. Illick and C. H. Riggs and by the art and carpentry classes of the school. Miss Elizabeth Coiner was in charge of the costumes.

Chicago Stock Yards Destroyed by Huge Fire

Fanned by a 30-mile-an-hour gale, a huge fire practically destroyed the Chicage Stock Yards, the largest in the world, May 20. The damage is estimated at $15,000,000. The fire was the worst since the city was entirely destroyed in 1871. One of the inevitable results will be the rebuilding of the Stock Yards on a modern scale, for, despite the reforms that followed the publication a quater century ago of Upton Sinclair's "The Jungle," the sanitary conditions of the Yards left much to be desired.

The seamen's strike on the Pacific Coast has spread to the Great Lakes. At Minneapolis 5,000 striking truck drivers stopped all commercial traffic, thus bringing the city to the verge of starvation.

The House Military Affairs Committee May 18 decided to recommend favorable action on a bill restricting the exportation of tin scrap from the United States. This action was taken following reports that Japan was purchasing tin-plate scrap and tin bearing scrap for the manufacture of munitions.

The International Mercantile Marine Co., the leading shipping organization in the United States, has decided to abandon its foreign contracts and to develop in the future solely under the American flag. The company owns outright the Panama Pacific, the Red Star, the Atlantic Transport, and the Leyland lines.

A grave indictment against the National Recovery Administration was contained in an 80,000-word report issued Washington, May 20 by the National Recovery Review Board, headed by the veteran lawyer, Clarence S. Darrow, following a lengthy investigation. The Darrow report levelled a number of serious charges at the N. R. A., the outstanding points of attack being: The N. R. A. fosters monopoly and oppresses "the little fellow;" certain codes are badly administered; and the consumer suffers under the N. R. A. In a letter to President Roosevelt, Gen. Johnson describes the report as a superficial, nonsensical intemperate and inaccurate document. In some instances, the statements of the report were false, he said. He urged the immediate abolition of the Board on the ground that it renders no service to anyone, offers not a single constructive suggestion, and is "nothing but a political sounding board."

President Roosevelt May 18 ordered the Federal Tariff Commission to investigate whether the present imports of chinaware, porcelain and earthern-were from Japan threaten to injure domestic producers.

The United States Treasury has recently bought between 40,000,000 and 60,000,000 ounces of silver. At the same time the Federal Reserve statement of May 18 disclosed that the stock of monetary gold had decreased by $20,000,000 in three weeks. Wall Street believes rhat the disappearance was due to gold transfers made by the U.S. Treasury to the Stabilization Fund for employment in control of foreign exchange if required.

Roosevelt Recommends 25 Percent Silver Base for Currency

President Roosevelt May 22 delivered a silver message to both Houses, submitting the siver legislation which he desired to have passed this session. He said the policy of the United States would be to increase the use of silver in monetary stocks until there would result a ratio of 25 per cent silver to 75 per cent gold. He also asked for authority and direction from Congress to purchase silver to accomplish this ratio. The President further recommended that a tax of at least 50 per cent be placed on all profits accruing from dealings in silver. He contended that a program of increasing silver stores for use as part of the the metallic reserves for paper currency could be proceeded with without seriously disturbing the adjustments of world trade.

The chief provisions of proposed U.S. silver legislation include a policy declaration recognizing silver as primary money and fixing the monetary reserves at 25% silver and 75% gold, purchases of silver until its price reaches U.S.$1.29 an ounce or the reserve reaches the 25% figure and authorization for the President to nationalize silver by condemnation. The declaration of policy and the silver purchase are mandatory but the nationalization feature is permissive.

Shanghai Bankers on U.S. Silver Legislation

Interviewed by the *Hsin Hsin News* Agency, a prominent Chinese banker expressed satisfaction with the silver bill that is reported to have been agreed upon between the silver bloc in Congress and the Administration. The Chinese banker believes that the bill will have the effect of stabilizing the price of silver. He said America intended to buy 1,800,000,000 ounces of silver in order to have one-fourth of her reserve in silver. When she started such a heavy buying program it was inevitable that the price of silver would rise but it would be limited to U.S.$1.29. The banker appeared to think that there would not be any serious outflow of the white metal from China.

What Of The Future?

Every one wonders from time to time what the future holds in store and that which concerns us most is the question of health. Though we may be perfectly well at the present time, worry, overwork, changed conditions, may at any time bring in their train ill-health.

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Will Japan Go Fascist?

BY HAROLD SCOTT QUIGLEY

Professor of Political Science, University of Minnesota, and Author of "Japanese Government and Politics," in Christain Science Monitor

SINCE 1930 TWO PREMIERS, a former Minister of Finance, and a leading industrialist have been assassinated in Tokyo, the capital of Japan. In each instance the assassins proved to be young men; all of them belonged to patriotic societies and claimed to have acted out of patriotism. In one case the assassins were low-ranking military and naval officers, with whom was associated a band of farmers.

Evidence at the trials proved that the conspirators had planned the death of other important figures, including Prince Saionji, last of the Elder Statesmen, and Count Makino, closest adviser in the Imperial Household. At the trial of the officers, conducted by courtsmartial, the courts were flooded with petitions for clemency and the most severe sentences were 15 years in jail for the naval men and four years for their army confederates. This astonishing series of attacks upon the current regime, justified by the participants as an effort toward political regeneration, is being viewed by many in Japan and abroad as a forecast of Fascism.

When Premier Tsuyoshi Inukai, at his first Cabinet meeting in 1931, following the intervention in Manchuria, was asked: "Who is to be your Foreign Minister?" he pointed silently at Gen. Sadao Araki, the Minister of War. His prophecy was a correct one. General Araki pushed the war in China and diplomacy in Geneva. Too new to politics, and too uncompromising, to be selected for the premiership when Inukai was shot, he was, for two years, the man of the hour in Admiral Salto's Cabinet because he represented with ability and reckless courage the spirit now dominant in the younger military and naval officers, who frankly desire to destroy the Diet and the political parties and to set up a purely military government.

Curiously enough, General Araki was an "unknown" when the Manchurian case came up. He is not a member of the Choshu clan, long powerful in army circles, but has risen to eminence through an extraordinary capacity for military command, a profound knowledge of Manchurian affairs, a high devotion to moral principles, and a reputation for exalted patriotism. He is a member of Baron Hiranuma's National Foundation Society (*Kokubonsha*), the most distinguished of all exponents of aggressive nationalism.

General Araki Expounds "Kodo" Doctrine

General Araki, as quoted in the *Japan Chronicle* of March 16, 1933, rejects the imputation that Japan has gone Fascist or is en route to Fascism. His doctrine is that of *Kodo*, which he takes great pleasure in expounding. To quote him briefly: "Kodo may be defined as the harmonious fusion of the true spirit underlying the foundation of the country and the great ideal of the Japanese nation. It is of such substance that it should be spread all over the world, every impediment being brushed aside, if necessary, by force." He identifies racial spirit with national morality, which is a compound of "fairness and openness, benevolence and humanity, courage and decision." It is Japan's mission to go on making history by the application of these virtues.

The shift of the important Ministry of War to Gen. Senjuro Hayashi has made less change in policy than is generally believed, for Araki's successor has already announced his belief in the philosophy of "Kodo."

The present crisis, according to General Araki, has arisen out of a waning of the national spirit. Frivolity is rampant, profit-seeking has replaced the effort for social welfare, politicians forget the state in their competition for party advantage. Meanwhile, he avers, the rest of the world, China included, views Japan with contempt. Manchuria is an alarm bell, awakening the nation to a reassertion of its mission. Before a revivified Dai Nippon lies the whole Far East—China a "scene of civil war," India "in dire misery under Britain's oppressive rule; Central Asia, Mongolia and Siberia in the strangling claws of the Russian eagle"—and in none of these is *Kodo* to be found. Across the Pacific lies America, "professedly wedded to justice and humanity, but what is one to make of her foreign policy and her operations in Panama, Nicaragua, Mexico, and other countries of Central and South America? It is Japan's sacred mission to spread *Kodo* and protect her neighbors."

Quite clearly, *Kodo* and *Fascismo* have in common the "complex of history and aspiration for the future, suffused with a fog of windy rhetoric, ennobled by a fervor of religious faith and debased by the smug egoism which stands for 'my country, right or wrong'," as it is expressed by Prof. H. R. Spencer in his book, "Government and Politics in Italy."

Leadership of militant nationalism in Japan naturally falls to the military services. They have enjoyed the highest political and social position throughout the Restoration era, which dates from the overthrow of the feudal system in the middle of last century. Possessing the right to advise the Throne directly, and monopolizing the Ministries of War and the Navy, the Supreme Command is constitutionally competent to go over the heads of the Cabinet on questions of national defense.

This power, anomalous in a country which claims to rank as constitutional, has been used effectively on several occasions. But in 1930 it failed to prevent the signature of the London Naval Treaty, due to Premier Hamaguchi's vigorous assertion of civilian contro, over foreign policy, an assertion which led to his assassination though it was supported by Prince Saionji and Count Makino. Ever since that failure the discomfited services have sought an opportunity to restore their presitge and to check the pretensions of the Cabinet to control of policy. But it is inadvisable to consider their attitude as wholly selfish. Rather is it rooted in the confidence that they, by nature and tradition, are the keepers of the people's conscience as well as their protectors. General Araki's theory and policies, through not unanimously supported, express in general the views of the services.

A second and related element in the nationalist movement is made up of the so-called patriotic societies. These today are legion, some nation-wide and distinguished in membership, others small and limited to a particular group interest. While military and naval officers belong to these societies, they are not military organizations. However, the most famous of them, the Kokusuikai, has adopted a military uniform and has elected high military and naval officers to all important positions. Entertaining high ideals, which might well be regarded as a variety of interpretations of Araki's *Kodo*, the societies have often suffered in reputation for their brutal measures in repression of liberal and radical groups and individuals. They afford a platform from which impressionable, sensitive young men may be incited to attack any movement opposed to traditional institutions. On the fringes of their membership are thugs who may be hired to maim or kill the leaders of such movements.

At present these societies are increasing in number, under the spur of jingoism and the example of departures from democracy in European states, and they are entering into federations, a trend which is not only approved but urged by General Araki and his intimates. It is apparent that, in view of their common aims—to wipe out Communism, to reduce capitalistic influence in political life, to subordinate the individual to the state, and to extend imperial boundaries—these societies, in fact but not in name, constitute a Fascist bloc of imposing influence.

But would any Japanese dare to make use of such a bloc to destroy the Constitution? In other words, could there be a Japanese Mussolini? The cult of Shinto, enshrining the Emperor and the Imperial Ancestors as the divine leaders of an only less divine nation, would seem to answer emphatically in the negative. Although the Emperor governs only upon the advice of his minister and other counselors, the preservation of the fiction of imperial rule would be endangered by the recognition of a dictator; it would resemble too closely a return to the Shogunate, which went down with the feudal system.

Older Political Parties Oppose Fascism

What about the attitude of the older political parties—the Seiyukai and the Minseito—which customarily poll 95 per cent of all votes cast in national elections? Conservative as they are, they are supporters of a parliamentary order, striving for a real transfer of power from the traditional agencies—the Elder Statesmen, the Imperial House Ministry, the military departments, and the Privy Council—to the Diet and the Cabinet. Corrupt, yes, finding the sinews of war in contributions from big business and repaying with concessions, tariffs and subsidies. But they argue that corruption would decline if the power of legislation and finance, and the control of foreign relations, were given to the people.

So far they have remained stanchly opposed to Fascism, save for the defection from the Minseito of a small group under Kenzo Adachi, which is called the National League (Kokumin Domei). He is a "patriot" of long standing—he played an important role when the Queen of Korea was assassinated in 1895—and he is regarded as a tool of the army; but his shot is probably nearly spent.

How significant of popular feeling is the attitude of these parties? Probably only slightly. The people at large are not yet democratically minded. They vote because they are told by the officials that that is the thing to do, or because a candidate makes it worth their while. They revere the Emperor and place state above self. As for the more sophisticated, they are interested in democracy but confused by its apparent failure abroad and at home. Thus the prospect of improvement, combined with the call to sacrifice for the Emperor, appears to have won the mass of the people to the nationalist standard.

The *Kodo* system has been successful in finding allies in the ranks of the proletarian parties. In the summer of 1931 Katsumaro Akamatsu, chief secretary of the principal proletarian party, the Shakai Minshu-to, a moderate Socialist group, left his colleagues and founded a National Socialist Party (Kokumin Nihonto). His creed was anti-Communist, anti-capitalist, anti-parliamentarian and anti-internationalist. It split the Shakai Minshu-to in half and attracted also a considerable following from the leftist Farmer-Labor Party. As Professor Yoshino explains it in "Contemporary Japan," the moderates joined out of fear of Communism and disgust with parliamentary politics, while the radicals liked the idea of direct action and salved their internationalist consciences by pointing to Bolshevik lapses to nationalist policies.

A link of high significance between the National Socialists and the military group is their common interest in the pitiful plight of the farmers. Burdened with a debt of 6,000,000,000 yen, the yeomen

of Japan are in despair. Their situation is best realized by the rank and file and the younger officers in the army, most of whom are of peasant origin. They have served notice upon the capitalists that "Manchukuo" must be developed in the interests of their class, though how that can be done in the presence of 30,000,000 lower-standard Chinese farmers is difficult to foresee. Apparently related to the anti-capitalist outcry was the gift of 30,000,000 yen made on Nov. 1, 1933, by the Mitsui Trust, largest of Japanese corporations, for agricultural relief and other social-welfare projects.

Is Japan a Fascist state? "Yes" and "No." The constitutional system remains unchanged; there is no Fascist Party and no organized correlation of the various nationalist forces; there is no "corporative state." Yet in a sense Japan has never been anything but Fascist—dominated by feudal ideals, confident in its military tradition of rigid discipline, integrity and experience, and highly sensitive to the shibboleth of patriotism.

Democracy has been developing very gradually and is now completely checked. Will it revive under attack, reformed, and imbued with those traditional virtues that give a unique character to the national culture? It seems reasonable to believe that the answer in Japan, although the process ofchange mav be longer, will not differ from that in Western states.

Judge Helmick Due in Shanghai June 4

According to advices received by the U. S. Consulate-general, Judge Milton J. Helmick, newly appointed to the United States Court for China, is due to arrive in Shanghai June 4. The new Judge is 48 years of age and a native of Colorado. He attended the public schools of Denver and East Denver High School. Thereafter he spent two years at Stanford University, one year at the University of Colorado and two years at the University of Denver, from which he graduated with the degree of LL.B. He later took a course in constitutional law at the University of Chicago and in 1911 was admitted to the Colorado Bar. In the following year he was admitted to the Bar of New Mexico and in 1923 to the Bar of the United States Supreme Court. From 1912 to 1917, he was in general law practice at Socorro, New Mexico, and from 1923 to 1925 was attorney-general of that state. In 1924, Judge Helmick was elected judge of the Second Judicial District of New Mexico, to which position he was re-elected in 1930 for a further tefm of six years.

China's Estimated International Payments Greatly Exceed Income

The Bank of China recently announced that China's 1933 estimated international account resulted in an excess of payments by 282,800,000 yuan, the total payments being 1,609,200,000 yuan, against 1,326,600,000 yuan for income. Income via remittances from Chinese merchants abroad amounted to 200,000,000 yuan, but this figure was a sharp fall to about one-third of what it used to be. It is believed that China will eventually have to export silver to settle the international account, as the deficit is too big to be covered by gold bullion, and this is the biggest problem in China's international finance, as silver export is likely to lead China's national economy to destruction. Meanwhile, it is also reported that Chinese operators on the New York Stock Exchange made an enormous profit last year.

As Washington Sees Prof. Roger's Investigations

A *United Press* message from Washington, May 18 discussed the investigations being made in China by Prof. James H. Rogers, member of President Roosevelt's "brain trust." If the proposed silver bill as agreed upon by President Roosevelt and the Senate silver bloc provides for the purchase of silver in the world and domestic market, experts foresee numerous technical readjustments becoming necessary in the world situation. For example, what will be the effects of heavy United States purchases of silver on countries such as China where stable commodity price levels are dependent upon the steadiness of silver? This is one of the many questions which Professor Rogers in investigating.

Nanking Ruling Fixes Status of Foreign Women Who Marry Chinese

A ruling regarding the nationality of foreign women who have married Chinese citizens was delivered to the Ministry of Foreign Affairs by the Ministry of Interior at Nanking May 9. The ruling states that according to the Chinese Nationality Law, foreign women who have become the wives of Chinese may apply for Chinese citizenship. Those who have not registered with the proper authorities, however, will not be regarded as Chinese citizens. As to whether such women, after marriage to Chinese, may still retain their original citizenship, the ruling states that this question should be decided in accordance with the laws of the women's respective countries.

Observatory to Be Built at Lhasa

The National Research Council is planning to establish an observatory at Lhasa, Capital of Tibet. For this purpose, the Council has recently dispatched two members of its staff to Hsi-Ning, Capital of Chinghai, en route to Lhasa to make preliminary preparations. According to the plans of the Council, one member will stay at Lhasa, while the other will visit the various places in Tibet to investigate and study the astronomical changes. The two officials have carried with them the necessary instruments for the purpose and are expected to complete the investigation in two years. Last year, the Council built an observatory at the summit of the famous O-Mei-Shan mountain in Szechuen and this year it will build another observatory at Mount Taishan in Shantung. The cost of the Taishan observatory is estimated at $20,000.

Central China Athletes Hold Track Meet at Hankow

Enthusiastic ceremonies marked the opening of the Central China Track Meet in Hankow. May 16. Athletes from the four provinces of Hupeh, Hunan, Kiangsi and Anhwei paraded on the field; three airplanes circled aloft, showering down a quantity of propaganda leaflets. General Chang Chun, Chairman of the Hupeh Provincial Government, after a few opening remarks, read a message from General Chiang Kai-shek, exhorting the competitors to adhere to the principles of orderliness, discipline, promptness, cleanliness, simplicity and thrift and to observe the sporting spirit in their everyday activities.

Country and Golf Club Opened at Nanking

The Nanking Country and Golf Club was officially opened in Nanking May 16. Wang Ching-wei, Prime Minister and concurrently Minister for Foreign Affairs, officiated at the function. In the course of his remarks he said the that apart from the very real necessity of providing the means for mental and physical relaxation, it has ever been the desire of the Club to promote wholesome recreation and to cultivate thereby the noble qualities of the sportsman. In the heat of daily grapple with various problems, all are all liable to lose their good nature and become poor neighbors. It is during the moments of leisurely social contact that mutual good will and charity can be bred, just as the levelling influence of sport tends to overcome traditional prejudices, Mr. Wang said.

Opportunities for Trade with American Firms

Persons interested in establishing trade connections with firms listed herewith should communicate with the American Consulate-General at Shanghai, giving the number of the inquiry when writing:

107 — An individual wishes to communicate with exporters of animal casings.

108 — A party in Atlanta, Ga., desires to get in touch with firms interested in buying used cigarettes and tobacco.

109 — A firm of radio manufacturers in Detroit, Mich., wishes to appoint an agent in this market.

110 — Manufacturers in New York City desire to secure an agent for their products: a wax polish for automobiles, available in all colors to match the finish of the car, and a cleaner for removing stains or discolorations from automobile bodies.

111 (345)—A Minneapolis firm desires to market automotive supplies and parts.

112 (346)—A New York City corporation desires to market celluloid frames for handbags.

113 (347)—An Illinois firm wishes connections for marketing cosmetics.

114 (348)—A New York firm wishes to sell paint brushes.

115 (349)—A New York company wishes to sell steel boilers for heating apartments and office buildings.

116 (350)—A New York firm wishes to market celluloid accessories for umbrellas.

117 (351)—A New York firm desires an agent to handle its pearl and ivory handles for revolvers.

118 (352)—A New York firm desires a representative for a high grade line of men's gloves.

119 (353)—A Milwaukee firm wishes to market American footwear.

120 (354)—A San Francisco firm offers an attractive line of gas ranges.

121 (355)—A Seattle firm offers a line of motor generators.

122 (356)—A Seattle firm wishes to market its vegetable oil, shortening and oleomargarine.

123 (357)—A New Jersey firm offers American optical goods.

124 (358)—A New Jersey firm offers a line of razor blades.

125 (359)—A distributor in California wishes to market oranges, lemons and grapefruit.

The *Wall Street Journal* May 16 published an editorial commenting upon the speeches recently delivered by the directors of the Chicago Board of Trade, who expressed hopes for the possibility of finding new markets for United States production, and in particular mentioned China. The paper writes that commercial relations with China cannot be improved by mere remonetization of silver or any other measures for the improvement of the white metal's value, saying that the capital point of the problem lies precisely in the fact that one must do busniess with China in accordance with her own business methods.

New Books of Interest in the Far East

A Scholarly German Analysis of World Economic Conditions

Weltwirtschaftliches Archiv.—Zeitschrift des Instituts fuer Weltwirtschaft in Kiel.—(Gustav Fischer, Jena). October 1933, January 1934—March 1934.

Professor Bernhard Harms, the well-known founder of the Weltwirtschaftliche Archiv (Archive for World-Economics) resigned from its editorship in October last. The new editor is Dr. Jens Jessen, professor of Economics at the University of Kiel and concurrently president of the Institute of World Economics. The periodical, hitherto a quarterly, has become a bi-monthly publication.

In the three issues under review the principal interest will no doubt, be aroused by the fact that the new outlook in politics, sociology and economics and the philosophy underlying it, are repeatedly mentioned and discussed. Dr. Hans Kretschmar of the University of Greifswald, in an article on "Economic theory, state economics and intervention" (October 1933) points out that the fundamentals and the aims of economic theory or policy are never based upon so-called "economic laws"; these aims are never "objective," but are necessarily determined by the general approach to life. Nevertheless, once the scope and goal are stated, certain rules persistently recurring in the domain of economics have to be observed; no authority, however powerful, can afford to disregard them. This means for instance, to quote a practical example, that no government can dictate the price of commodities, but that it can take advantage of certain tendencies to influence the components, which finally build up the market price.

Perhaps one of the main trends of modern economic thought and policy is that towards "autarchy" or economic self-sufficiency of the modern state. Not that it has been achieved anywhere. But it is considered as an ideal in many places, just as laissez-faire and free-trade were in the 19th century. We find an interesting statement of the difficulties connected with this movement in the article of Dr. Andreas Predoehl of the University of Kiel, called "State territory and economic area"(Staatsraum und Wirtschaftsraum) in the issue of January 1934. He shows that the territory occupied by a sovereign state does not generally coincide with an area self sufficient in its economy. The wish to subordinate the economic area to the political unit, to make the latter include the former, could be gratified only at the price of considerable economic sacrifices. Of course, these will vary with different states. Russia, or the United States for instance, are in a much better position to achieve such an identification than many other countries. Germany could perhaps live on her own resources—of late she has become self-supporting with regard to grain—but not only would her people be compelled to lower appreciably their standard of living but also her capacity for national defense would suffer. For an industry, which is to support a country in time of war, must be fairly big in time of peace. Complete self-sufficiency cannot therefore be seriuosly considered, neither in Germany, nor in many other states. Not national exclusiveness, but the formation of new economic groups on the basis of geographical propinquity is therefore advocated from many sides. Professor Predoehl shows, for example, how the policy of the League of Nations has recently worked in this direction. At the beginning of its career, the League stood for a kind of universal economic policy, tending to establish rules applicable to all nations; it achieved but little because of the dissimilarity among them. These attempts were succeeded by the plans initiated by Briand calling for specific arrangements among the European nations; these also failed, as conditions among European countries vary widely. At present the tendency in Geneva seems to be, to promote regional agreements. Obviously, the greatest impediment in this direction lies in the most-favored nation clause, which forbids any advantage to be granted one country, even the closest neighbor, without everybody else enjoying it also. This clause and its circumvention has been the subject of many discussions and arrangements. In a lucid article on "The most-favored nation clause and contingents" (January 1934) Professor Brinkmann of the University of Heidelberg shows, that the general concepts underlying the economic policy of the 19th and early 20th centuries have to be changed today: "The dogmatic formalism will have to yield to methods of classification and evaluation that penetrate and take into account the actual differences of the various groups of interests." This tendency towards the "concrete" in political and social thought is probably the chief characteristic of our period, when compared with the 18th and 19th centuries, when the emphasis lay on the general and abstract nations of the rights of "man" and of "the" citizen.

The novel mood, which favors limitation and seclusion, naturally leads to a preference for particular agreements. This is why the Ottawa-agreements find commendation. They do not, it is true, concern neighboring nations, but they promise economic consolidation of a political and cultural system, such as the British Empire appears to foreigners. Similar agreements seem desirable in the Danubian area, which has been broken up, much to its detriment, by the peace-treaties. Professor Elemer Hantos of the University of Budapest, deals very thoroughly with these problems in an article "The Danubian Area in World-Economics (March 1934). He shows that regional agreements not only between the Danubian countries proper, but also with their great neighbors, Germany and Italy, are an absolute economic necessity, and that economic reconstruction cannot entirely follow present political lines. The "little Entente" for instance, has economically a poor foundation; there is no economic inter-dependency between the countries, that compose it.

Behind the universal clamor for an economic reconstruction of the world, there is the great depression. In an article on the London Economic Conference (October 1933) J. Coatman of London University shows how little chance there was to come to a world agreement in time of acute depression, when it had failed in time of economic expansion. The failure of the conference was practically inevitable, since the United States had gone in for an entirely egocentric economic policy. The great crisis of 1857-1860 is dealt with in articles by Dr. Waetjen and Dr. Rosenberg. Its immediate outcome was the economic aggression of the European nations towards Asia. It was in those days, that the pentarchy of powers (England, France, Prussia, Austria, Russia) that had determined the policies of Europe at an earlier stage, broke up, and that Europe became part of a very explosive system of world-states.

An article by Professor Wiskemann of the University of Koenigsberg (March 1934) is consecrated to the psychology of the world crisis. According to him modern people aspire to set up ethical standards and promote certain attitudes rather than to analyze psychological facts. But if one tries to understand the psychology of the individualistic and capitalistic ways of thinking of the 19th century, one realizes that they were connected with a deep-grained optimism concerning the prospects of the world taken as a whole. This optimism was founded on the wrong supposition and misplaced confidence that human life can be made secure by means of technical progress and rational dealings. The new age is not pessimistic. But its beliefs are nearer to life and its limitation in space and time. It does not believe any more in a progress which can be achieved almost automatically, but asserts that man can shape the fate of his country and his kindred people, i.e. of a comparatively small community only, and this by discipline and self-sacrifice.

As always the Weltwirtschaftliche Archiv contains a number of studies on local problems. It is worth while to mention a very interesting study on the grain exports of Russia by Professor Boris Brutskus of Berlin, which comes to the conclusion, that Russia will not become again, as she was before the war one of the big grain exporters of the world. The chief reasons given for this forecast are the growth of the population, which since 1913 has increased by 15% ,and the industrialization of the country. Two other studies (March 1934) will be of particular interest to readers in the Far East or concerned with Far Eastern topics. The one, by Dr. Herbert Rosinski of Berlin, deals with the Japanese oil-policy, the other, by Dr. Ssu-mu Liang, with the economic structure of China. The Japanese oil production is very small. In the year 1932 Japan produced only 241,000 ts. of oil and consumed 3 million ts. This means that only 8% of the consumption can be covered by home production. Japan imports most of its oil from America. The Japanese navy gets its supplies from the oil-field of North-Sachalin. The evacuation of North-Sachalin by the Japanese troops was obtained by Joffe in the Russian-Japanese treaty of January 1925 only after recognition by Russia of the Japanese oil and coal-concessions. The oil-production of Sacchalin is greater to-day than that of Japan. Of particular interest at present is the fact that in September 1932 a contract was made by a certain Mr. Matsukata with the Soviet Oil-trust, in order to import oil to Japan from the Russian oil-fields. The attempts made by the well-established importers of foreign and especially of American oils in Japan to prevent this new competition by a fierce oil-war failed. A compromise was reached owing to the conciliatory attitude of the Japanese oil-companies importing American oil, towards the Russians. Rosinski sees in this a proof, that in spite of political tension with Russia, the Japanese try to free themselves from exclusive dependency on America. For the future there seems to exist a plan to centralize the whole Japanese oil business in one great trust with a capital of 200 million yen. The Japanese hope by this means to bring pressure on the two big foreign companies in Japan, the Standard Oil and the Rising Sun, to sell their interest, so as to abolish all foreign influence in the importation of oil.

The article on China is a fairly well done summary on present agricultural and industrial conditions prevailing in China and on the programs of the National Government.

L.

The China Diplomatic Year Book, 1933

On Page 437 of the May 12 issue of the *Review*, there appeared a book review entitled "The China Diplomatic History—published by the "Livelihood Book Company, Shanghai." The correct title of the book and the name of the publishers are: "The China Diplomatic Year Book, 1933" and "The Life Publishing Company, Shanghai." The China Diplomatic Year Book, compiled by Chang Chin and others, is a pioneer publication of its kind and an excellent reference work on Sino-Foreign relations during the year of 1933.

"China Review", Published by Chinese Leaders in London, Replete with Informative Articles

The April-June issue of the *China Review*, a quarterly magazine published by a group of Chinese leaders in London, at the head of which originally was C. Kuangson Young, is replete with informative and instructive articles. Following the editorial paragraphs, is an article in the form of a compilation of statements made by President Wang Ching-wei of the Executive Yuan on the railway development in China. Next, is an address delivered by Quo Tai-chi, Chinese Minister to Great Britain, on the occasion of the first anniversary of the establishment of the China House in London. Lin Yu-tang contributes an article under the heading of "China: an Impression." Tang Leang-li, decribes the prevailing conditions of the puppet state "Manchukuo," which he labels as "Land of Chaos." Other articles in the number include: Student Questions, by H. T. Silcock, A Short History of Chinese Music, by Chao Mei Pa; The Englishmen in China, by R. S. Jenyns, and Secret Societies in Java by Thung Djie Leh.

The *Milligram*, house organ for Millington, Ltd., advertising agents, in its May issue boosts the buses in Shanghai as a travelling bill-board for advertising purposes. There is an excellent frontispiece of E. F. Harris.

Four Lectures on the Meaning of God in Modern Life delivered on Sunday evenings in March last year in Janet Jacks Balch Hall at Scripps College, Claremont, California, have been printed in brochure form. Copies may be obtained from Russel McCulloch Story, Professor of Political Science, Pomona College.

Joint Ownership Under Its Two Principal Forms in Chinese Law Compared with Foreign Law

By Chu Kao-yung, Doctor of Law. Theses of Aurora University 62 pp. Mex.$1.80.

This book, which has just appeared in the Collection of Theses of Aurora University, treats of a question which in recent years has often occupied the Chinese courts. Joint-ownership of inheritances in fact comes up very frequently in China, where the custom of transmitting family property without division through several generations is still widespread. As a result of this, problems to solve formed the object of regulations in the Ta Ts'ing Lu Li, and which the Civil Code has in its turn taken up. From this, too, an abundant jurisprudence, both on the part of the old Taliyuen and on that of the present Supreme Court; from this, numerous decisions of interpretation of the Judicial Yuan.

The author, former student of Aurora University and lawyer in Shanghai, has made ample use of his studies of comparative law to throw light on the position taken by the Chinese Civil Code. He first of all exposes the two principal conceptions of joint possession which represent the French theory and the German theory, and shows how Chinese legislation was able to profit from these precedents, the influence of which is still felt. The study of Chinese legislation before and after 1929 takes up the greater part of the volume, treating in turn of joint-ownership of succession, its features, its limits, its liquidation, Chinese family property and that of civil societies.

An instructive work for all those who are interested in the present legislative evolution and the important transformations which it is effecting in the institutions.

G. G.

Aurora University, Shanghai.

National Quarantine Service Issues Report on Cholera Prevention Work

The National Quarantine Service, with headquarters at 2 Peking Road, Shanghai, has just issued Series IV-1933 of its *Reports*, edited by Dr. Wu Lien-teh, director, and Dr. C. Y. Wu, senior quarantine officer. The Report, which runs to 264 pages, contains an exhaustive study of the cholera problem as it applies to China. R. Pollitzer has contributed an article on "Cholera and Related Vibrios in Shanghai Waters." It is recorded that during the period from April 11, 1933, to February 28, 1934, 314 samples of Shanghai surface water, particularly from the Whangpoo, were collected. Tests for the presence of true cholera vibrios proved entirly negative. Dr. R. C. Robertson and Dr. H. Yu disscuss "The Cholera Carrier Problem in Shanghai." These authors say that it has not yet been definitely established as regards Shanghai whether cholera is endemic or is introduced from surrounding areas. Drs. Wu Lien-teh and Sung Chi-hai discuss "huo luan"—the Chinese name being used for want of an adequate English equivalent. Dr. J. W. H. Chun discusses the meterological factors in China. Dr. Chun, who is a senior quarantine officer, also discusses recent public health activities in Shanghai. Various tables, illustrations and diagrams, together with a resume of quarantine activities in various outports, all contribute to give a vivid picture of the effective work which the National Quarantine Service is carrying on.

CUSTOMS NOTIFICATION NO. 1361

The public is notified that the following corrections should be made in the published copies of Customs Notification No. 1,358:

The heading of (1) should read "Junks coming from places in the so-called 'Manchukuo,' the Leased Territory, Dairen or in Korea north of a line drawn due East from Shihtao."

In the heading of (2) "Gulf of Pohai" should read "Gulf of Liaotung."

H. O. Tong,
Superintendent of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 18th May, 1934.

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Complete Text of Dr. L. Rajchman's Report on League Co-operation with China

The report, dated April, 1934, of Dr. L. Rajchmann, liaison officer on technical co-operation between the League of Nations and China, was officially issued at Nanking and Geneva, May 10. The report is being published in serial form in the China Weekly Review. The following is the second installment.

(Continued from last week)

Also in January, 1932, in fulfilment of a request made by the Chinese Government to the Transit and Communications Section of the League, a Commission of three hydraulic engineers, consisting of Mr. Coode, a member of the London Institute of Civil Engineers; M. Perrier, Inspector-General of Roads and Bridges at Paris; and Herr Sieveking, Director of the Hamburg Port Administration, arrived to study certain problems connected with the Hwai river, the port of Shanghai, and the rivers of North China. Their recommendations are described in the Chapter on the Water Conservancy Work of the National Economic Council.

In October 1932 Professor Carlo Dragoni, formerly Secretary-General of the International Institute of Agriculture at Rome, undertook, in response to a request of the Chinese Government and at the nomination of the Economic Committee of the League, a six months' study of the conditions of Chinese agriculture, and presented in 1933 a report on the subject to the National Economic Council.

In the same month Signor Benito Mari, former Chairman of the Italian Association of Sericulture, was designated by the Economic Committee of the League, at the request of the Chinese Government, to make a study of sericulture in China and to examine the possibilities of its rehabilitation, and has been collaborating with the National Economic Council in this capacity until December 1933, when he joined the staff of the Council.

From March 1933 M. Charron, of the Economic and Financial Section of the League, at the request of the Chairman of the National Economic Council, spent six weeks in China in discussing problems connected with the preparatory work for the World Economic Conference, and in response to the request to co-ordinate the activities in China of the various League specialists.

In May 1933 Dr. Muehlens, of the Hamburg Institute of Tropical Diseases, a member of the League's Malaria Commission, undertook an inquiry on the frequency of malaria, and made recommendations as to the prophylactic measures to be taken.

Later in the year Dr. Stampar. formerly Director of Public Health at the Ministry of Social Assistance and Public Health, Belgrade, was despatched by the Health Section, and Mr. Briand Clausen, Secretary of the Danish Agricultural Council, by the Economic and Financial Section, in response to the new plan of collaboration inaugurated by the Council decision of July 18, 1933.

In addition, the Directors of the Health and of the Communications and Transit Sections of the Secretariat of the League acted as technical liaison officers from September 10 to December 26, 1931, and from January 1 to August 1932, respectively.

5.—In the Spring of 1933 the convocation of the World Economic Conference in London aroused hopes of an early concerted effort to devise international agreement and consequent action likely to contribute towards an early solution of the economic and financial crisis in the world. The Chinese Government responded in April to the invitation of the president of the United States of America by commissioning the Vice-President of the Executive Yuan (then Minister of Finance), Dr. T. V. Soong, acting chairman of the National Economic Council, to consult with the United States Government and to lead the Chinese delegation to the London Conference. The financial arrangements entered into in May 1933 between the Chinese Government and the Reconstruction Finance Corporation of the United States inaugurated a series of consultations with delegations to the World Economic Conference and leaders of industrial countries, with a view to studying the prospects of co-operation in the field of economic development. At the same time the Chinese Government entered into an agreement with the Council of the League for technical collaboration on the terms and conditions stated above.

6.—The National Economic Council was to be the agent of the Government in carrying out the contemplated activity, and the membership of its Standing Committee was accordingly entrusted to the Prime Minister, the Chairman of the Military Affairs Commission, the Minister of Finance, the President of the Legislative Yuan, and Dr. T. V. Soong. The National Economic Council itself consists of:

The Minister of the Interior;
The Minister of Finance;
The Minister of Railways;
The Minister of Communications;
The Minister of Industries;
The Minister of Education;

and of unofficial members designated by the Government so as to ensure the participation of intellectual, industrial, and other circles.

The powers of the Council are:—

(1) To plan, examine and approve projects for economic reconstruction or developments.
(2) To examine and approve the necessary expenditure required for the execution of projects for economic reconstruction or development.
(3) To supervise and direct projects for economic reconstruction or development.
(4) To execute directly special projects for economic reconstruction or development.

These powers are very wide and define, in conformity with modern legislative practice in China, the ultimate role which the institution is intended to play rather than its status during the period of its development. The supervision of the carrying out of the projects of the Council is entrusted to bureaux, committees and autonomous bodies. A committee acts in an advisory capacity to the Council; a bureau is an executive body of the Council's Secretariat; while an autonomous commission, composed of representatives of organized interests in a given sphere of activity, is presided over by an independent chairman selected from amongst leaders in public life. Such a commission, once its programme is adopted by the Council, is to receive power to prosecute it, obtaining through the Council the necessary political and financial support for the realization of its plans.

At its inception the Council was advised by committees created ad hoc in devising the policy in regard to public roads, water conservancy, public health, and education. It is the policy of the Council only to establish a secretarial bureau when it is needed for the purpose of a specific activity. At present there exist (1) a Bureau of the Chief Secretary to which, besides an administrative and technical staff, there are attached eight expert advisers on matters connected with agriculture, hydraulics, industrial chemistry, commerce, fishery, and mining (a foreign staff of six advisers is also attached to the bureau); (2) a Bureau of Public Roads; (3) a Central Field Health Station; (4) a Bureau of Agriculture; (5) a Bureau of Hydraulic Engineering.

The continuous work of the Council clearly must be based on economic intelligence; but, being desirous of avoiding overlapping and to utilize existing institutions, the Council refrained from creating a special service for the purpose. Instead, it appointed a Standing Advisory Committee, under the chairmanship of the Secretary-General of the Academia Sinica, and composed of its own Chief Secretary, the Director-General of the National Geological Survey, and the Director of the comprehensive studies and investigations conducted systematically under the authority of the National Government as a whole. To this Committee all the technical work and plans of the Council are referred for advice, while the studies decided upon are distributed between the component institutions or entrusted to specialists selected by this Committee.

With the appointment of the autonomous commission the Council decided to proceed slowly and experimentally, and so far has constituted only one for the improvement of silk, and another for the rationalization of the cotton industry.

7.—The expenditure of the Council since 1931, and until the end of September 1933, has totalled $4,550,000, this sum being provided by the National Government.

8.—The work accomplished by the National Economic Council during its preparatory period may now be examined in greater detail, and also its prospects and policy for the near future, starting in 1934.

CHAPTER II.—AGRICULTURE

1.—Following the conclusion of a financial arrangement with the Reconstruction Finance Corporation of the United States, and the determination of the Chinese Government to utilize the proceeds for national reconstruction, a number of provincial government, ministries of the Central Government, and private agencies interested in industrial development applied for subsidies or loans for projects of reconstructive work. Requests for assistance amounted to more than four hundred million Chinese dollars, and of this sum more than half was for projects associated with the improvement of agriculture (including hydraulic and irrigation work). Other projects were for railway construction, the erection of factories (for various purposes), the development of fisheries, the improvement of the merchant marine, posts, telegraphs and telephones, and for the extension of elementary education in rural areas. Most of the provincial governments making proposals submitted detailed budgets.

2.—The projects were carefully examined, and it was found that in some cases they related to work which was

already in progress.* Some, on the other hand, were schemes fully prepared but not yet undertaken; and some were ideas only, many of considerable interest but not elaborated into concrete plans. After due consideration the Standing Committee of the National Economic Council decided that, while prepared to give help and technical advice to the provincial governments in the practical working out of their plans, and to continue its activities in road construction and in public health in the provinces in which it had previously been operating, it would confine its assistance to comprehensive regional reconstruction in two areas, one in the North-West, the other in Kiangsi.

3.—The North-West (though undeveloped) and the province of Kiangsi are both agricultural areas, and the decision to concentrate upon them is in part due to the acuteness of the agrarian situation. The depressed state of agriculture has attracted national attention, and investigations of great value have been carried out by many Government commissions, public institutions and private persons. The first publication of the National Economic Council comprises a survey of the agricultural problems by Professor Dragoni, who made a report to the National Economic Council early in 1933. Surveys made under the auspices of the National Economic Council in the provinces of Kiangsi and Chekiang in November and December of 1933 and January of 1934 also helped to clarify the present position. The study in Kiangsi was made chiefly by the National Economic Council technical staff, Chinese and foreign, together with the two representatives of the League organizations, Mr. Briand Clausen for agriculture, and Dr. Stampar for health and rural reconstruction. The studies in Chekiang were undertaken under the chairmanship of Sir Arthur Salter, whose group includel Professor Franklin Ho, a leading economist, of the Nankai University in Tientsin, and Herr Otto Klepper, formerly Finance Minister in Prussia, and at present studying problems of rural economy at the invitation of the National Economic Council.

It should be added that several reports of Signor Benito Mari have, in addition to his particular investigation, shed light upon other more general problems of rural economy.

4.—All studies agree that the fundamental factors in the situation are the low output of Chinese agriculture, the very high cost of credit facilities, the burden of taxation, particularly of surtaxes, and in large parts of the country the harsh and uneconomic of land tenure.

The report relating to Chekiang shows that even in a normal year the province, which is predominantly agricultural, did not produce sufficient food for its own needs, and imported rice from other provinces and from abroad. A high density of population is partly responsible for this anomaly; on the other hand, it appears to be established that not only the productivity per head, but also the absolute productivity of the land, is on a low level in China.

TABLE (QUOTED FROM PROFESSOR DRAGONI'S REPORTS)

Country	*Crop Averages*, 1918-1931 IN QUINTALS (100 KILOS PER HECTARE)			
	Wheat	*Rice*	*Maize*	*Cotton*
Germany	21.0	–	–	–
Denmark	29.2	–	–	–
France	14.2	–	–	–
Hungary	13.8	–	–	–
Italy	13.3	46.4	15.2	–
Poland	12.8	–	–	–
U.S.S.R.	7.6	–	–	–
Canada	10.9	–	–	–
U.S.A.	9.9	23.2	15.5	1.8
Japan	16.0	34.2	–	–
India	7.1	14.9	–	–
Egypt	17.7	30.1	22.6	4.5
China	7.3	18.9	9.7	1.9

5.—This low productivity is due in part to technical, and in part social and economic conditions of land cultivation. Technical opinion in China supports the view expounded in the Dragoni Report that seeds best adapted to the condition of the country are not widely used, nor are artificial fertilizers used in sufficient quantities. Rotation of crops follows ancient practice and habits, and the scientific control of animal disease and insect pests is not adequate. Animal husbandry, practically unknown south of the Yangtze, would certainly improve the farmers' standard of living. An improvement of the primitive implements used by farmers, which require an excessive expenditure of human labour, is also an urgent need. A number of research stations, both national and provincial, are experimenting with and improving the seeds of the staple crops, but while it is possible to devise ways if improving the technical conditions of farming, it is not easy to bring the improvements to the attention of the farmer or to persuade him to adopt them, particularly as co-operative societies are still relatively undeveloped.

6.—Of the economic and social factors perhaps the system of tenancy is the most disquieting. The system of land tenure has been the subject of intensive study in China by special commissions of the National Government, by the Chinese Land Economic Association, by national and private universities and institutions, and finally by the technical staff of the National Economic Council. It would appear that while there are few landowners on a very large scale, as in certain European and American countries, the system of tenancy is, south of the

*In Kansu and Shensi, for example, irrigation work for which subsidies were asked was already in progress.

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October 29, 1927 Vol. XLII No. 9

May 5, 1928 Vol. XLIV No. 9

Mail with statement to

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Shanghai

Yellow River, the predominant one. In the Yellow River Basin and in the North (Shensi, Shansi, Shantung and Honan) 69% of the cultivators are owners of their land, 18% own a part of their land and rent the remainder, and 13% are tenants. On the other hand, in the Yangtze River Basin and in the South, which includes 61% of the total population, tenancy is the most frequent form of tenure; 40% of farmers are full tenants, 28% are part tenants, and only 32% own their land.* In certain provinces the proportion of tenant is much higher. In Fukien, for example it is 69%, and only 9% of the cultivators are owners. The number of tenants is on the increase, since owner-farmers are being forced, because of the depression and the decline of agriculture, to sell their land or to mortgage it on such terms as to leave them little better off than tenants. As a rule, the new owners are absentees, and frequently merchants or officials.

This state of affairs is aggravated by the conditions of tenancy. The forms of land tenure vary widely. Cash payments of rent appear in most districts to be the least usual, and payments in kind, either of a fixed amount or of a fixed share of the farm produce, is the rule. The landlord formerly contributed, and in parts of the country still does so, a part of the farmers' capital in the form of seeds, and, in rare cases, of live-stock and implements. So great are the complications of the various systems that it is hard to arrive at any exact conclusions as to the height of rents.†

The studies which have been made in Chekiang and Kiangsi and by Professor Dragoni suggest, however, that the level is surprisingly high. Some striking cases of abuse are mentioned in the Kiangsi report, of which the following is typical:—

> After repeated questioning, a tenant who was a member of a co-operative society stated that out of 17 piculs which he harvested he had to hand over 11 piculs to his landlord . . . . It was stated by the tenants in a few cases that, even when harvests were poor, a fixed sum of money still had to be paid as rent, and a competent Chinese observer who travelled extensively in the province states that he knows of some few cases where tenants are obliged to repay to the landlords ten times as much seed as was lent to them.

In three of four provinces, notably in Chekiang, attempts have been made to lower the height of rents (or to prevent them from rising still further) by legal means. The report relating to the economic condition of Chekiang province states in this connection:—

> Chekiang has gone further than any other province in attempting compulsory rent restriction. The standard is a 25% reduction to a maximum 50% of production—that is (with some exceptions), the legal maximum rent is 37%, just over a third of the tenant's production as rent, out of which the landlord defrays the taxes.
>
> It is difficult to ascertain just how far this legal requirement has been made operative. It is said that in many cases it is not applied (rents sometimes rising to 60% or even higher); that the legal machinery to settle disputes and enforce the law is inadequate; that the landlord, exacerbated by the law, has other ways of compensating himself at the expense of the tenant; and that the benefit of rent reduction is exploited by the Peasants' Union (which, formed originally to enforce rent reduction, has too often become a new instrument of exaction), so that the tenant retains little advantage himself. Nevertheless, the measure represents perhaps the most satisfactory and the most successful experiment yet made in China in alleviating the position of the tenant. If the machinery for enforcement can be made effective, and the tenant relieved of supplementary exactions, one-third of the produce as a maximum rent would seem to be satisfactory.

Closely related to the problem of tenancy is that of the small size of holdings. The landowner as a rule neither cultivates his property on a plantation system nor lets it out in large blocks.* The inconvenience of these small units, from a technical point of view, is increased by the fact that a part of the land (as much as 8% in some districts) is occupied by graves, and that the scanty holdings of a farmer are not compact, but are split into fragments. The strip system prevails, farmers cultivating a number of diminutive pieces of land, often of an inconvenient shape and situated at some distance from another.

7.—Another burden, besides the system of tenure, which weighs heavily upon agriculture, is the land-tax. This tax, based on an assessment made over two hundred years ago, which in the course of time has become obsolete and anomalous, is nevertheless moderate. However, during the last several years the tax has in many provinces been multiplied several times by the imposition of surtaxes. Though legally payable by the landowner, the tax appears in many cases where tenancy prevails to be paid in whole or in part by the tenant. In Kansu it was discovered, for example, that the tenant paid 60% of the tax and the surtaxes. It is not possible to give any figures for the whole of China demonstrating the burden which this tax causes, since conditions vary from one province to another. A careful study was made (by the group of the National Economic Council) of the methods of collection, amounts paid, and amounts received by the provincial government. The results are enumerated in the introduction to the report:—

> The old land-tax, with all its faults, would by itself, if legally applied without additional charges or exactions, contribute no undue burden. The features of land taxation which make it a central factor in agricultural distress are (a) the surcharges, (b) the inequalities between different regions, (c) the system of tax collection, with the waste and exaction that it involves.
>
> Surcharges in Chekiang are a recent phenomenon. They have nearly all come into existence since 1927. They now range from 20% to 30% in the different hsiens, and they are extremely unequal in incidence, falling much more heavily on the poorer localities. In five relatively rich hsiens taken at random, for example, the surcharges were found on the average to involve an excess over the land-tax of only 25%. In five relatively poor hsiens the average excess involved was over 350%.
>
> Among the first five the total land taxation only amounted in one case to over 65 cents a mow; among the latter it averaged over $1.00, and in one hsien reached $2.80.
>
> With such gross inequalities a general average is difficult to find, and would be misleading if given.
>
> But even these inequalities, and these locally excessive legal charges, might in most cases be tolerable, though unjust, if they represented all the peasant had to pay. Unhappily the system of tax collection leads, to additional exactions, which add greatly to the real burden of taxation, admits of evasion on a large scale, especially on the part of those best able to pay, and results in a great loss of revenue (or alternatively of an opportunity for substantial reduction of tax rates). At the crucial point of the intricate chain of tax-collecting stand, as elsewhere in China, the unofficial registrars with their books of "fish scale," transmitted from father to son, as the only record of taxable owners and proprietors . . . . It is impossible to estimate what this system involves in evasion and extortion. But all the evidence suggests that both are on a very large scale indeed. In many districts the small landowner is both confused and overwhelmed by the multiplicity of exactions, legal and illegal . . . . The farmer's case is the harder because so much of the expenditure brings him no visible benefits. The surcharges are mainly for "safety" (but the benefits to himself of military expenditure are not very visible to the peasant), "education" (but the money is raised almost wholly from the land and spent disproportionately in Hangchow and the larger towns), and "reconstruction" (mainly railways, which only serve a few areas, and roads which are scarcely used by the peasant, and mean for him land confiscation as well as taxation).

*These figures have been compiled by Professor Franklin Ho, of Nankai University, from information supplied by the Legislative Yuan's Bureau of Statistics.

A table showing the extent of tenancy in twelve provinces is given by Dr. C. K. Ping in his article "Bodenreform in China" in the "Jahrbuch der Bodenreform," Vol. XIX, No. 4.

Province	*Peasant Owners*	*Mixed*	*Tenant*
	%	%	%
Kiangsu	38	30	32
Anhwei	28	17	55
Hupeh	22	27	51
Szechuen	22	21	57
Yunnan	46	26	28
Kweichow	46	19	35
Hunan	34	32	34
Kiangsi	27	34	39
Chekiang	27	31	42
Fukien	9	22	69
Kwangtung	30	24	46
Kwangsi	34	15	31
Average	32	25	43

†Professor Franklin Ho, a very prudent economist, estimates in a study made in Chekiang for the Institute of Research in Social Science in 1928 (since when rents have been steadily rising) that the farmer paid 45% of his produce to his landlord. It is the custom in some provinces to pay only according to the basic crops produced, but in others the share is calculated out of the total produce of the farm, both bye and main products. This figure should be increased, since it did not include deposits paid by the tenants (and not as a rule recovered), presents which it is customary to make to the landlord, and payments for the transportation (sometimes amounting to an extra 8% on the rent) of the produce to the landlord's farm or agency.

*The average size of farms, according to Professor Dragoni, appears to be less than 5 acres. For Chekiang, Professor Franklin Ho gives the following table:—

Size of Farm in mow 1 acre=6 mow)	*Percentage of Farms*
Below 5 mow	38.5
6-10 mow	33.0
11-25 mow	21.0
26-50 mow	7.0
51-100 mow	0.2
Total	99.7

(To be continued)

Communist Suppression and Rural Rehabilitation

BY CHEN FU-SHENG (陳福生)

"NOTHING succeeds like success." As the Red strongholds in Kiangsi and elsewhere are successively captured by Nanking armies it is but a question of time that the government forces will gain an ultimate victory over the Reds. Communism, however, can by no means be eradicated by military means; it can be eliminated by improving the livelihood of the people, by bringing about rural rehabilitation. The consolidation of the Red menace necessitates the restoration of peace and order, the enforcement of schemes for national reconstruction, the adoption of farm relief measures.

China—an Agricultural Country

That China is an agricultural country goes without saying. Nearly eighty-five per cent of Chinese people are farmers. As a result of internecine warfare and communist menace, many farms now lie waste. The landlords take refuge in urban centers; the tenants, remaining in rural districts, are thrown out of employment and sink into hopeless poverty. These destitute peasants undoubtedly turn bandits. History tells us that rural bankruptcy and evil social conditions can create terror among an otherwise law-abiding and peaceful-living people and drive the more ambitious and capable among them to lead a life of banditry in Robin Hood fashion. What is more, bankrupt rural districts give the red agitators ample opportunity for communist propaganda and activity. They instigate the starving peasants to rise in arms against the government. Now that the success of the communist-suppression campaign appears to be certain, Nanking authorities, it is hoped, will take steps to rehabilitate the rural districts. In case they do not, they will expect that the red strongholds captured by Nanking troops may before long fall to Communists' hands again. Any attempt to eradicate communism without ameliorating the living conditions of the peasantry, is comparable to putting the cart before the horse. As long as there is no economic stability, there is decidedly no political tranquility. Unless the present agrarian crisis in China is averted, domestic discontent leading in the direction of revolution, can scarcely be headed off. Ways and means shoud be found to bring to pass rural recovery and rural prosperity. The farmers must be encouraged to work. Meanwhile, the exorbitant land surplus taxes areto be abolished. Besides, the outstanding issues between landlords and tenants must be settled to the satisfaction of both, sot to the dismay of either.

All seem to agree that China should introduce scientific methods of agriculture. I, for one, was of the same opinion until I made a study of the present rural conditions in China, and as a result of said study I have come to the conclusion that the problem facing China today is not so much one of methods of farming as uncultivation of land. At present, many farms lie waste; they stand in need of being cultivated, no matter what methods of farming are to be employed. If all Chinese farmers can return to their fields to work as heretofore, they will contribute much towards agricultural development and national recovery even though they use the old methods of plowing, reaping, etc. Of course, it is advisable for China to adopt new scientific methods of farming in some future time when it is feasible.

Tseng Kuo-fan and the Taiping Rebellion

Tseng Kuo-fan, while suppressing the Taiping Rebellion, lost no time in rehabilitating the districts recovered from the rebels. To Tsen Kuo-fan, rehabilitation of newly captured districts was a matter of great consequence. In a letter to his son, he said: "I am not a good fighter, nor am I an able statesman, but I do my utmost to get rid of the people's common foe, to alleviate the people's sufferings, to promote the people's welfare."

To suppress communism, we must follow the good example set by Tsen Kuo-fan. It is gratifying to learn that Nanking is applying a thoroughly constructive program of rehabilitation.

The New Life Movement

With the break-down of social and economic organization, China is now on the verge of extinction. The New Life Movement, reviving ancient Chinese virtues and establishing new life ideals, is, indeed, a ray of hope. But so long as the majority of Chinese people, the peasants, are as poor as church mice, the prospects of the movement are far from being bright. Since these peasants have led a miserable existence, how can they have life ideals? Not that they are unwilling to live virtuous lives, but that pangs of hunger and cold force them to become gangsters or even bandits. They will have no other alternative if they are not to starve to death. Well said Confucius: "People can scarcely be expected to live honestly unless and until they are well-fed and well-clothed."

The starvation of peasants will give rise to food riots which may develop into a great crisis. We know well that in 1917, food riots in Petrograd developed into a revolutionary insurrection.

Rural Rehabilitation—China's Greatest Problem

Certainly, rural rehabilitation is the greatest problem of China. To tide over agrarian crisis, to head off domestic discontent, to consolidate national strength, China is in urgent need of rural rehabilitation, especially during the time when she is pushing through her anti-Red campaign. There is no questioning the fact that true service rendered by a state to its people consists in doing the greatest good to the greatest number. To rehabilitate rural districts in China is to do the greatest good to the greatest number of Chinese people.

Furthermore, should China be compelled by circumstances to resist Japanese attacks some time in the future, Chinese troops despatched to the front, would be seriously embarrassed if they had in the rear a restive or rebellious population, backed by a hostile organization. Also, China will remain in great financial difficulty provided the bankrupt rural districts are not brought back to prosperity. If I am not mistaken, I venture to say that Nanking officialdom must concentrate attention on rural rehabilitation. That is vital to the ultimate success of any anti-communist campaign and to the recovery of the nation.

Foochow, May 8, 1934.

Special Train Services Restricted by Ministry

Measures restricting the use of special trains and special coaches were recently issued by the Ministry of Railways to the various Railway administrations for enforcement. No special trains or coaches will be provided except for the following personages: (a) The President of the Government; (b) heads of foreign governments; (c) foreign ambassadors or ministers coming the Capital to present their credentials or upon their departure from the country; (d) Presidents and Vice-Presidents of the various Yuans of the National Government; (e) the President of the Military Affairs Commission; (f) Members of the Standing Committee of the National Economic Council, and (g) Ministers and Vice-Ministers of the various Ministries. The President of the National Government and his retinue are exempt from payment of fares for use of special trains or coaches. Foreign ambassadors or ministers are required to pay only fares for passage and not for hire of the special coaches.

Motion Picture Department Proposed for Peiping Arts College

In order to promote and develop the Chinese motion-picture industry, the Ministry of Education has been petitioned by the National Educational Film Association to establish a Motion-Picture Department in the National Arts College at Peiping, to instruct all Colleges of Arts to add a course in motion-picture technique in their curriculum, and to instruct all engineering schools to open a course in the making of motion.picture apparatus. All Provincial and District authorities are to recommend candidates to the Ministry for the study of motion-picture technique in foreign countries on Government scholarships.

It is announced from Nanking that hereafter all imported foreign motion-pictures must first be transported to Nanking for examination before they can before they can be screened in the country, The Ministries of Interior and Education and the Cenral Board of Film Censorship have been ordered by the Central authorities to notify all movie-pricture companies to the above effect.

B. A. T. Has Another Strike on Its Hands

The labor dispute at the British-American Tobacco Company was aggravated May 2, when the workers employed by the company's new plant in Pootung numbering more than 5,000, declared a go-slow strike in sympathy with the 3,000 workers who were recently thrown out of work—when the workers went to the factory but could not persuaded to work. The indications are that the trouble will be protracted. The workers issued a statement that the company had closed the old plant on May 12 for no apparent reason. The reason, it declared, was that the company simply wanted to dismiss highly-paid workers of long standing and to evade paying gratuities to the others. The statement urged all workers employed by the company throughout the country to pay attention to the serious situation created by the sudden closing of the plant because the same policy might later be adopted in any other plant.

Real Estate Review by Realty Inverstment Co.

The amount of new building in the northern section of the Settlement has been compartively small in the last two years. The largest permit for this week comes from this northern section and is for a hospital and apartment building on Range Road just south of the busy corner of North Szechuen Road. Also in the northern section plans have been approved for alterations and repairs on a large cold storage building at the corner of Whangpoo and Minghong Roads, and a tomporary work shop off the corner of Miller and Haining Roads.

In the Eatern district a permit has been approved for a large addition to a weaving mill on Whashing Rd. east of Kwenming Rd another permit in the same vicinity off of Kwenming Rd. east of Paoting Rd. is for the erection of a printers' work shop.

In the Western District there are three permits of about equal value, one is for a school building off Tatung Rd. south of Sinza Rd. the second is for a foreign residence off Laipo and Ferry Rds. and the third is for another foreign residence off Weihaiwei Rd and west of Moulmein Rd. Also in the same district an application has been approved for the conversion of a foreign store into a garage on the corner of Medhurst and Sinza Roads.

In the French Concession two apartments have been approved on Ave. Joffre, both are between Rue Petiot and Rue Paul Beau, one will be 4-story and will have a bank in the ground floor, the other will be five-story and foreign shops on the ground floor.

Two other permits are in the French Concession, one is for 4 semi-fcreign houses on Route Sieyes west of Route Pere Robert, the other is for a group of 2 single shops and 23-story double hongs on Pere Robert south of Route Cassini.

Road widening on the corner of Peking and Kweichow Rds land has been surrendered for a consideration.

An Aid To Beauty.

It is a matter of opinion as to whether powder, rouge and lip-stick are aids to beauty but there is never any question about a clear skin, for it is an indisputable fact that such is essential to beauty. No matter how regular and pretty the features may be, if the skin is sallow and pimply the whole appearance is marred.

In order that the skin shall be clear and free from blemishes it is most important that waste matter be regularly eliminated from the system, for it is the poisons from the congested food tract escaping into the blood which are the cause of skin troubles.

Through lack of sufficient exercise or some other cause, nature at times needs assistance in the work of clearing the system and to fill this need there is nothing better than Pinkettes, the ideal laxative. Non-griping, and non-habit-forming Pinkettes act in a mild way and leave no ill after effects. If you are feeling off-colour, liverish, depressed, a dose or two of Pinkettes will soon put you right. And as an aid to beauty Pinkettes are indispensable. Of chemists everywhere.

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The National City Bank of New York, Rates of Exchange

Shanghai, May 23, 1934

Demand selling rate on America:	U.S.$100=Sh. $ 3.04
Demand buying rate on America:	U.S.$100=Sh. $ 3.01
Demand selling rate on London:	£1.0.0=Sh. $15.55
Demand rate buying on London:	£1.0.0=Sh. $15.36

68-574

Latest New York Stock Exchange Quotations

Market—Easy — Business Done 830.000 Shares

May 23, 1934

1933-34 High	1933-34 Low	Div. $ per Sh.	STOCK	Mon. May. 21	Tue. May 22
13¾	3	—	Adams Express	8⅛	8
33	11⅛	0.60	Alaska Juneau	19⅝	19
160	70¾	6.00	Allied Chemical & Dye	134	132
107⅛	19½	4.00	American Can	95	92⅛
19⅜	5⅞	—	American & Foreign Power	8¼	8
27⅛	8⅛	—	American Metal Company	24⅜	23
53½	10⅜	—	American Smelting	42¼	39
134¾	86¼	9.00	American Tel. & Tel.	116	115¼
94⅝	50¾	5.00	American Tobacco "B"	71	70⅛
43¼	10⅞	1.00	American Waterworks	18⅜	18
22⅞	5	—	Anaconda Copper	15⅜	14⅜
18⅝	5⅞	—	Atlas Corporation	10⅝	10⅝
84¼	31	2.00	Auburn Automobiles	34¾	33¾
37⅞	8¼	—	Baltimore & Ohio	23¾	23¾
49½	10⅛	—	Bethlehem Steel	35⅜	33¾
37⅜	18	1.60	Borden Company	24¼	24¾
28½	5½	0.25	Borg Warner	23	22⅛
20⅞	7¼	—	Canadian Pacific Railway	16⅛	15¾
103½	30½	—	Case, J. I.	51½	48¾
47⅞	16⅝	1.40	Chase National Bank	28¼	27¾
52½	14⅞	2.50	Chesapeake Corporation	Unq.	42¾
59	7¾	1.00	Chrysler Corporation	40½	38⅝
23⅛	9	0.50	Columbia Gas & Electric	13¼	13
6⅞	1⅜	—	Commonwealth & Southern	2¼	2¼
64⅛	34⅛	3.00	Consolidated Gas of N. Y.	33⅝	33
22½	4⅞	—	Continental Oil	20¼	19⅝
9	2⅝	—	Coty Inc.	6	6
5⅛	1½	—	Curtiss Wright Company	3½	3⅜
102¾	32⅛	*2.00	Du Pont de Nemours	84⅛	82½
96½	46	3.00	Eastman Kodak	96½	93¼
41⅜	10	—	Electric Bond & Share	15¼	14¼
15⅜	8⅛	—	Electric Power & Light	6	5¾
19	12	—	Fox Film "A"	Unq.	Unq.
10¾	2⅞	—	General Aviation	4⅜	Unq.
30¾	10½	0.40	General Electric	20¼	19¾
39⅞	21	1.50	General Foods	32½	32
41½	10	*1.00	General Motors	33⅜	32
49½	18¼	1.00	General Railway Signal	34	33
27⅜	12	1.20	Gold Dust	20	19¼
47½	9¼	—	Goodyear Tire & Rubber	29½	27⅛
40	6⅛	—	International Cement	Unq.	24¾
46⅛	13⅝	0.60	International Harvester	33⅝	32⅝
29	6¾	—	International Nickel	27⅝	26⅞
21¾	5⅛	—	International Tel. & Tel.	12⅞	12⅜
65½	21¼	—	Johns Manville	49¼	47⅞
26	7⅜	—	Kennecott	20½	19⅝
79⅜	37½	2.40	Lehman Corporation	67⅝	Unq.
99⅜	40½	*4.00	Liggett & Myers "B"	94	93¾
36½	8¼	1.00	Loew's Inc.	30¼	30⅞
25¼	10⅜	1.20	Lorillard P. (Com.)	Unq.	16⅞
35⅝	8⅝	—	Montgomery Ward	25½	24⅜
64½	16⅞	1.00	National City Banks (bid price)	27¼	26¾
41⅝	5⅝	—	National Distiller	25⅞	24½
58½	14	—	New York Central	29	27⅝
36½	12¾	8%S	North American	16½	16⅜
96¾	31½	2.00	Owens Illinois Glass	Unq.	76½
31⅞	15	1.00	Pacific Gas & Electric	17	17
6⅞	1⅜	—	Packard Motors	4	4
42½	12¾	0.50	Pennsylvania Railroad	31½	30⅛
6⅜	1⅛	—	Pennroad Corporation	2⅞	3
20⅜	4⅜	—	Phillips Petroleum	18⅛	17¾
12¼	3	—	Radio Corporation	7⅞	7½
54¼	26⅛	3.00	Reynolds Tobacco "B"	43⅞	43¼
50⅞	12½	—	Sears Roebuck	42½	41⅝
19½	6	1.00	Socony-Vacuum Corporation	15⅞	15½
28	14¼	2.00	Southern California Edison	16⅞	16¾
22½	5½	—	Standard Gas & Electric	10⅜	10⅛
49¾	22¾	1.00	Standard Oil Co. of N. J.	48	42⅞
60⅞	46	3.80	Sterling Products	57	57⅞
9	1½	—	Studebaker	5¼	5¼
30½	10¾	1.00	Texas Corporation	24½	23⅞
9¾	2⅝	0.12	Transamerica	6	6
51⅞	19¾	1.00	Union Carbide & Carbon	38⅜	38
133¾	61¼	6.00	UnionPacific	122	122
46⅞	16½	—	United Aircraft & Trans.	21½	20½
14¼	4⅛	—	United Corporation	5¼	5¼
25	14	1.20	United Gas Improvement	15¾	15¾
25	2⅞	—	U. S. Rubber	19⅜	18⅜
67½	23⅜	—	U. S. Steel	43¼	40⅞
51½	21½	*2.00	Universal Leaf Tobacco	Unq.	45
28⅝	7⅝	—	Vanadium	21¼	19¾
9⅛	1	—	Warner Bros. Pictures	6	5⅝
58¾	19¾	—	Westinghouse E. & M.	33½	32⅛
54⅞	25½	2.40	Woolworth	50⅜	49¼
			PREFERREDSTOCKS AND BONDS		
44⅞	7¼	none	American & Foreign Power 7% Pfd.	Unq.	Unq.
58½	23⅝	5.00	Amer. & For. Power 5% debs. of 2030	55	54½
80	35	6.00	American Waterworks $6 preferred	73¼	Unq.
48	25	5.50	Cities Service Power & Light 5½s/52	44⅝	45
66	25	6.00	Electric Bond & Share $6 preferred	50½	50⅛
72¾	20⅛	4.50	Int. Tel. & Tel. conv. 4½s of 1939	65¼	65
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